



Daily Report

China

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General

Yang Shangkun Appoints New Ambassadors
*OW0706070088 Beijing XINHUA Domestic Service
in Chinese 1033 GMT 4 Jun 88*

[Text] Beijing, 4 Jun (XINHUA)—President Yang Shangkun has appointed or removed the following ambassadors in accordance with a decision of the NPC Standing Committee:

1. Yang Zhenye [2799 2182 2814] is appointed PRC ambassador extraordinary and plenipotentiary to Japan.

Zhang Shu is removed from his post as PRC ambassador extraordinary and plenipotentiary to Japan.

2. Wang Jianbang [3769 1696 6721] is appointed PRC ambassador extraordinary and plenipotentiary to the Republic of Burundi.

Shen Lianrui is removed from his post as PRC ambassador extraordinary and plenipotentiary to the Republic of Burundi.

3. Chen Dehe [7115 1795 0735] is appointed PRC ambassador extraordinary and plenipotentiary to the Republic of Venezuela.

4. Zheng Yaowen is removed from his post as PRC ambassador extraordinary and plenipotentiary to the Republic of Zimbabwe.

5. Yuan Dao is removed from his post as PRC ambassador extraordinary and plenipotentiary to the Republic of Bolivia.

RENMIN RIBAO On Disarmament, World Peace
*HK0706050888 Beijing RENMIN RIBAO in Chinese
31 May 88, p 6*

[Commentary by RENMIN RIBAO reporter Liu Kai-chen (0491 7030 1368): "Carry Out Disarmament Effectively, Defend World Peace"]

[Text] Special dispatch from the United Nations on 29 May—The 3d special United Nations General Assembly on the question of disarmament will be held in the headquarters of the United Nations in New York on 31 May. Apart from holding its annual conferences, the United Nations has so far held 15 special General Assemblies (including the forthcoming special General Assembly on the question of disarmament). Three of these 15 special General Assemblies were devoted to the discussion of the disarmament issue. This shows that the international community has attached great importance to the disarmament issue.

Some 124 countries have applied to attend the forthcoming special UN General Assembly on the question of disarmament. Heads of state from 25 countries will

deliver speeches at the forthcoming special UN General Assembly. There will be an unprecedentedly large number of heads of state from various countries in the world attending the forthcoming special UN General Assembly. Foreign ministers from 41 countries will also attend the forthcoming UN General Assembly. The newly appointed Chinese Foreign Minister Qian Qichen will lead a delegation to the forthcoming special UN General Assembly.

Some people say that since the United States and the Soviet Union signed a treaty on dismantling medium-range nuclear missiles last year and the leaders of both countries are presently holding talks on the question of reducing strategic nuclear weapons, the tension in the international situation will be eased gradually. And since the superpowers are holding direct talks on the question of reducing their respective nuclear arsenals, it seems that the international community should choose to "wait quietly for the good news to come."

It is true that the global arms race has been carried out mainly between the two superpowers, the United States and the Soviet Union, which have the largest nuclear and conventional arsenals in the world. Therefore, the United States and the Soviet Union shoulder a special responsibility on the question of disarmament. The attitudes and actions of the two superpowers have an important bearing on whether or not disarmament can make substantial progress. However, the world's concern over the disarmament issue and the efforts made by the international community in promoting the disarmament cause should in no way be overlooked. The treaty signed between the United States and the Soviet Union on dismantling medium-range nuclear missiles is the first step towards a reduction of nuclear arms. Such a step should be welcomed by the entire international community. However, according to the treaty signed between the United States and the Soviet Union on dismantling medium-range nuclear missiles, only some 2,600 medium-range and short-range nuclear missiles will be dismantled, which accounts for only a small proportion of the 50,000 nuclear warheads possessed presently by the United States and the Soviet Union. Because the two superpowers still disagree over the question of reducing their respective strategic nuclear weapons by 50 percent, it is impossible for the two superpowers to reach any agreement on reducing their respective strategic nuclear weapons by 50 percent at the U.S.-USSR summit meeting currently being held in Moscow. Even if the United States and the Soviet Union reach an agreement on reducing their respective strategic nuclear weapons by 50 percent and actually implement the agreement in the future, the remaining 50 percent of the strategic nuclear weapons possessed by the United States and the Soviet Union will still be sufficient enough to destroy all of mankind because the explosive force of the remaining 50 percent of the strategic nuclear weapons possessed by the United States and the Soviet Union will still be several thousand times stronger than all the arms and munitions used in the Second World War.

Moreover, while the United States and the Soviet Union are carrying out a quantitative reduction of their respective nuclear arsenals, they are also making active efforts to improve the quality of their respective nuclear arsenals. Because the United States and the Soviet Union have been contending for nuclear superiority for many years, their respective nuclear arsenals have been overstocked for a long time. Now, both sides need to eliminate their outdated and overstocked nuclear weapons so as to concentrate their efforts on their contention for a superiority in comprehensive national strength. As far as the highly sophisticated weapons are concerned, the two superpowers will need to make greater efforts to improve the quality of their offensive strategic nuclear weapons while actively developing their outer space weapons and contending for "technological superiority." Therefore, the danger of a nuclear war still exists and world peace and safety is still being threatened seriously.

The total military expenditure in the world has reached nearly \$1,000 billion with the military expenditures of the United States, the Soviet Union, and their respective military allies accounting for 75 percent of the total. This means that while the people of many countries in the world are still struggling for existence on the verge of poverty and hunger, mankind spends nearly \$2 million on military expenditure every minute rather than on improving people's livelihood. Such a high military expenditure has far exceeded actual needs of each country's national defense and has hindered seriously the development of the world economy. Even the United States and the Soviet Union have felt that such a burden is really too heavy for them to bear.

Therefore, in order to safeguard the interests of all the people in the world, including the interests of the American people and the Soviet people, we must press the two superpowers to stop their arms race and take the lead in reducing nuclear and conventional weapons. Just as UN Secretary General Javier Perez de Cuellar recently pointed out: "The international community must continue to press the two superpowers to continue to make joint efforts to push forward with the regional and global disarmament process." The holding of the 3d special UN General Assembly on the question of disarmament which is to be attended by heads of state of various countries in the world (including the big and small countries, nuclear and nonnuclear countries in the world) clearly manifests the world concern over the disarmament issue. The people of the world are not passively and "quietly waiting for the good news to come" but are taking action and making contributions toward safeguarding world peace and realizing a really effective global disarmament.

LIAOWANG Talks With UN Official on Disarmament
HK0406091188 Beijing LIAOWANG in Chinese No 21, 23 May 88 pp 38, 39, 40

["Special dispatch" from the United Nations by LIAOWANG contributing correspondent Qian Wenrong (6929 2429 2837): "The Tasks and Prospects of the Third UN Special Meeting on Disarmament"]

[Text] According to a resolution last year of the 42d UN General Assembly, the third UN special meeting on disarmament will be held at UN headquarters in New York from 31 May to 25 June this year. In an interview with our reporters prior to the meeting, Ming Shikang, UN under secretary general in charge of disarmament affairs, talked about the purpose, significance, tasks, and prospects of this meeting.

The following are the questions and answers of the interview:

Question: Would you please say something about the purpose and significance of the third UN special meeting on disarmament, which will be held very soon after the signing of the INF treaty between the United States and the Soviet Union and before the Moscow summit?

Answer: The first UN special meeting on disarmament was held in 1978, and the second was held in 1982. Six years have passed since then. The importance of disarmament to the entire international community is clear to everyone. The first meeting adopted an important comprehensive strategy on disarmament. The second meeting adopted a resolution on worldwide disarmament and decided to strengthen the plans for disarmament organizations, but this has not been carried out successfully. I think all the UN members have already realized that owing to the turn for the better in the political climate resulting from the general trend of improvement in U.S.-Soviet relations, the time has come for the United Nations to consider what roles the United Nations and other member states (referring to all the members other than the United States and the Soviet Union) should play in the realm of disarmament. The INF treaty is very important. We appreciate it. If it can bring about a 50-percent reduction in the number of strategic nuclear weapons, we will also be pleased. But it is just a bilateral disarmament plan. We hope that it will help promote multilateral disarmament. In the realm of multilateral disarmament, we have many important tasks, including the conclusion of a treaty on chemical weapons and many other problems concerning the prevention of nuclear proliferation, as well as other matters of interest to the member states. In this sense, I think that at the forthcoming special meeting on disarmament, all UN member states will be able to study the current situation together and decide jointly the worldwide disarmament policy for the future. It is wise to do so.

Question: What are the main questions to discuss at the third UN special meeting?

Answer: Many member states are particularly interested in item No 12 for discussion: What will be the influence of modern science and technology on the arms race? People now are apprehensive that although some important measures have been taken by Europe for nuclear disarmament, there can still be certain new arms races in

the field of conventional weapons. If conventional weapons are modernized by means of new military technologies, the range of the new arms race may become unrestrained. For this reason, people have become interested in discussing the disarmament question from the angle of scientific and technological development. It is estimated that about a quarter of all the scientists and engineers in the world are engaged in military research. This could possibly become the root cause of instability in the world situation. Therefore, item No 12 will involve both the quantity and quality of the arms race.

Moreover, the meeting will make an overall appraisal of the world situation since 1982. It will also discuss the relationship between disarmament and development. The arms race will not only affect the economies of the developing countries but will also bring about disastrous effects for the two superpowers, which are spending too much money on military expenses. Although there are different opinions among various member states on the relationship between disarmament and development, I believe that no one would doubt that there are certain connections between the two. Perhaps the money saved from disarmament would not be totally used in development. Some of the money would have to be spent for carrying out the necessary inspection measures according to the disarmament agreement. The meeting will also discuss and examine matters concerning the disarmament organs of the United Nations.

At the meeting, there will also be a substantial discussion on nuclear disarmament, including an overall prohibition on nuclear testing, and the question of conventional weapons, especially powerful antipersonnel weapons such as chemical weapons. I hope this meeting will bring about the early conclusion of a treaty on chemical weapons.

In addition, the meeting will discuss measures for inspection and confidence building as well as the question of regional disarmament. This is because an agreement has already been reached between the East and West, between the members of the Warsaw Pact and the NATO countries, with regard to the Stockholm document. According to this agreement, both the Warsaw Pact and NATO countries can send observers to watch the military exercises of the other side. People now are interested in and are entertaining hopes on the matter of extending the confidence building measures to Asia, Africa, and Latin America. The meeting will discuss many questions concerning regional disarmament, including the establishment of nuclear-free zones.

Question: What roles do you think the superpowers will play at the third UN special meeting?

Answer: The roles of the superpowers are very important. A reason that the second UN special meeting on disarmament was not very successful was because the relationship between the two superpowers was very bad at that time. Fortunately, it has now improved, though

still not satisfactorily. I believe that the progress Washington and Moscow have made on the question of bilateral disarmament will also be reflected by the progress in multilateral and global disarmament. However, the achievements of bilateral disarmament will not necessarily bring about success in multilateral disarmament. Therefore, we must watch it carefully. At the same time, we must never allow the two superpowers to obstruct the United Nations from making headway in disarmament after they have reached agreement in this respect. In my opinion, if the United Nations and the Geneva Disarmament Conference can achieve successes in certain fields, such as prohibiting chemical weapons and strengthening the nuclear nonproliferation organizations, it will be good for all countries, including the superpowers.

Question: The nonaligned countries will meet in Havana to a special ministerial-level conference on disarmament on the eve of the third UN special meeting. Would you please say something about the role the Nonaligned Movement will possibly play on the UN special meeting?

Answer: I think the role of the Nonaligned Movement is very important. It can be said that the Nonaligned Movement is of key importance to ensuring the positive achievements of the third UN special meeting. All three UN special meetings on disarmament have been sponsored by the nonaligned countries. I hope they will adopt a responsible and realistic stand and will look ahead. I think it is important for all of us not to place excessively high hopes on it and not to try to solve every problem at the meeting. Instead, we must strive to solve certain concrete problems and determine the main targets for the next decade in the sphere of disarmament. These targets cannot be separated from the leading role of the nonaligned countries.

Question: Would you please say something about the prospects of the third UN special meeting and the possible concrete achievements it may attain?

Answer: There are three things to consider. First, I am pleased to see that the leaders of many countries will attend the meeting. At present, the heads of state and government of 22 countries have said they will attend the meeting. In addition, there will also be many foreign ministers, including the Chinese foreign minister. This shows that the governments of various countries have attached great importance to the question of disarmament and this UN special meeting.

Second, some nongovernmental organizations will also send representatives to the meeting. I am very pleased that more than 200 nongovernmental organizations intend to attend. The committee of nongovernmental organizations indicated that we should have at least more than 90 representatives from nongovernmental

organizations to speak at the meeting. China's nongovernmental organizations will also send representatives to the meeting. This shows that the public also attaches great importance to this UN special meeting.

Third, it is hoped that a substantial agreement can be reached on the disarmament program. The preparatory committee held a meeting to discuss the matter in January and February this year, but could not adopt any draft programs. All member states will be able to discuss the details of the disarmament program during the meeting. I hope it will be adopted unanimously. However, we will still have to see whether agreements can be reached on all the complicated problems of disarmament.

Question: How do you appraise the forthcoming Soviet-U.S. Moscow summit? Can the two superpowers reach an agreement on the question of reducing by 50 percent their strategic nuclear weapons? If not, what will be the possible outcome?

Answer: I hope the U.S. and Soviet leaders will be able to reach an important and positive agreement on disarmament. They have all said that they will make efforts to reduce by 50 percent their strategic nuclear weapons. However, government officials of both countries have told me that there are little differences between the two sides on some major issues, such as on the question of the sea-launched cruise missiles. Moreover, the question of inspection is also a very, very complicated issue. Therefore, the two leaders may, at most, reach a programmatic agreement on reducing 50 percent of their strategic weapons without reaching any concrete agreements. Nevertheless, owing to the signing of the INF treaty and the agreement on the Afghan issue, the current atmosphere between the two superpowers is helpful to reaching other agreements. Whatever agreements they may reach on the question of disarmament should be praised by the international community. After all, they have more weapons than any other countries in the world.

UN Session on Disarmament Continues
OW0406105488 Beijing XINHUA in English
0001 GMT 4 Jun 88

[Text] United Nations, June 3 (XINHUA)—Leaders from Turkey, New Zealand, Indonesia and other countries stated here today that, while disarmament should be pursued on a global scale, regional efforts should be strengthened in light of different regional security concerns.

They made the remarks in separate speeches on the third day of the general debate at the third special session on disarmament (SSOD III) of the UN General Assembly. Representatives from 37 countries, including China, have addressed the session.

Indonesian Foreign Minister Ali Alatas informed the assembly that members of the association of the South-east Asian Nations (ASEAN) have already reached an agreement in principle on the establishment of a nuclear weapon-free zone in Southeast Asia.

The third ASEAN summit meeting held last December in Manila gave further impetus to the effort, he said. The group is elaborating an instrument to be presented to the other regional states and nuclear powers for their concurrence and endorsement.

He expressed the belief that success of these endeavors would constitute a significant step in transforming Southeast Asia from an area of recurrent tension and strife into a zone of peace, freedom and neutrality.

"The establishment of nuclear weapon-free zones would contribute significantly to nuclear arms limitation, including the strengthening of non-proliferation by progressively reducing the geographical areas within which nuclear weapons can operate," he said.

Russell Marshall, foreign minister and minister for disarmament and arms control of New Zealand, stated that his country was proud to be part of the regional drive to create the South Pacific nuclear free zone under the treaty of Rarotonga which is already in force.

The Rarotonga Treaty, together with the treaty of Tlatelolco that established the Latin American nuclear free zone, and the Antarctic treaty which established the Antarctic nuclear weapon-free and demilitarized zone, constituted substantial disarmament initiatives, Mr. Marshall noted.

He appealed for cooperation from major powers outside the region.

Abdul Aziz Al-Dali, foreign minister of Democratic Yemen, warned against the danger of nuclear proliferation in Southern Africa and the Middle East and expressed support for efforts to make the Middle East, the Indian Ocean, Africa and other regions nuclear-free zones.

Prime Minister of Turkey Turgut Ozal also supported the idea of nuclear weapon-free zones. However, he pointed out that establishment of such zones should be only "with the agreement of all states concerned," and "in regions where nuclear weapons do not exist and where they can make a significant contribution to the prevention of proliferation of nuclear weapons."

On the contrary, he said, in regions saturated with nuclear weapons of all kinds, the establishment of such zones will not enhance security, but will create security gaps unless region-wide and effective disarmament measures are carried out simultaneously.

Mohamed Aberkane, deputy minister for cooperation of Algeria, made the same point when he said, "a regional approach to disarmament must take into account regional concerns, as the East-West conflict has been artificially introduced into some areas."

The debate will continue next week. There are still nearly 90 countries on the speakers' list.

Qian Qichen Meets Armacost at PRC UN Mission
OW0706073388 Beijing XINHUA in English
0700 GMT 7 Jun 88

[Text] United Nations, June 6 (XINHUA)—Chinese Foreign Minister Qian Qichen met with U.S. Under Secretary of State for Political Affairs Michael Armacost at the Chinese Permanent Mission to the United Nations today.

Armacost had made a special trip from Washington for the meeting with Qian. He briefed the Chinese foreign minister on the recent Moscow summit meeting between the United States and the Soviet Union.

The Chinese foreign minister also called on Vice Chancellor and Foreign Minister of the Federal Republic of Germany Hans Dietrich Genscher and met with Belgian Foreign Minister Leo Tindemans at the United Nations headquarters today.

Foreign Minister Qian Qichen Hosts UN Reception
OW0706043488 Beijing XINHUA in English
0119 GMT 7 Jun 88

[Text] United Nations, June 6 (XINHUA)—Chinese Foreign Minister Qian Qichen, who is also chairman of the Chinese delegation to the third special session of the UN General Assembly on disarmament, gave a reception here this evening.

Among the 300 guests were president of the 42nd session of the General Assembly and of the current special session, Peter Florin, chairmen of the delegations of a variety of countries, senior officials of the UN Secretariat, and some American friends.

Also present was Chinese Permanent Representative to the United Nations Li Luye.

Li Peng Cited on Moscow Summit; Ties With Poland
OW0606154688 Beijing XINHUA in English
1446 GMT 6 Jun 88

[Text] Beijing, June 6 (XINHUA)—Chinese Premier Li Peng said here today that the Chinese Government thinks positively of the summit of the United States and Soviet Union and their signing of an intermediate-range nuclear forces agreement.

But, although world tensions have been relaxed to a certain extent, the threat of war is still present, Li said during an interview with journalists from the Polish newspaper "REPUBLIC" who are covering Polish leader Zbigniew Messner's current visit to China.

Li said the two superpowers still have a lot to do to reduce their nuclear arsenals.

They have begun to cut their nuclear weapons by a small amount but they are continuing their arms race and expanding it to outer space and hi-tech areas.

People should not lose their vigilance in this regard, Li said.

On domestic issues, Li said China is determined to go on with price reforms despite the difficulties.

The reforms should be accompanied by reforms of the wage system and in other areas, he said.

Li described his talks with Messner earlier in the day as sound and said the two sides share identical or similar views on many world issues.

He said they agreed the two countries should further their relations in the economic, trade, scientific, technological and cultural fields and disclosed a number of important economic cooperation agreements will be signed during Messner's visit.

He also said the two countries will discuss the possibility of Sino-Polish joint ventures in China.

Reportage, Comment on U.S.-Soviet Moscow Summit

XINHUA 'Roundup' on UN Reaction
OW0406144188 Beijing XINHUA in English
0819 GMT 4 Jun 88

["Roundup: Summit Viewed as Productive But Limited (by Qian Wenrong)"]—XINHUA headline]

[Text] United Nations, June 3 (XINHUA)—Most delegates to the third special session of the UN General Assembly on disarmament, which opened May 31, consider the just-concluded Moscow summit to have been productive, but they believe much more should be done.

Zimbabwe President Robert Mugabe, the chairman of the Nonaligned Movement, said that the summit achieved "too little." "We expected much more than was achieved in Moscow," he said.

In the last three days of general debate, most of the 31 speakers at the UN podium shared Mugabe's view and expressed a limited appreciation of the summit. However, nearly one-third of them did not mention this world-renowned event in their speeches.

A majority of the delegates did, however, express disappointment at the failure of the summit to reach an agreement on a 50 percent cut on the strategic nuclear weapons in the arsenals of both the United States and the Soviet Union.

After the signing of the intermediate nuclear forces treaty at the Washington summit last December, there seemed reason to hope that the two superpowers would agree, at least in principle, to this reduction. However, the Moscow talks did not create anything more than what American officials have described as "peanuts."

The arms race is still growing steadily, although East-West relations have been somewhat relaxed by the initial progress in disarmament negotiations. However, while the representatives of many nations, including some Western countries, have welcomed this progress, they warned against overestimating its significance.

French Foreign Minister Roland Dumas said that "however praiseworthy and ambitious" the 50 percent cut in strategic arms might be, it "would merely bring those levels down" to where the two superpowers were some years ago and "would not modify the difference in scale between them and France." Mugabe said that while contacts between the two superpowers are to be commended, "it is regrettable that in the past they have confined their endeavours more to managing the arms race than to curbing it."

Prime Minister Charles J. Haughey of Ireland warned that "recent development has certainly brought encouragement and hope, but no one should lose sight of the broader and deeply troubling currents in a world still far from abandoning the age-old reliance on military strength."

U.S. and Soviet strategic nuclear warheads totaled more than 18,000 in 1982 when the second UN special session on disarmament was held. Today, the number of such warheads has reached approximately 50,000.

Many speakers pointed out that the INF agreement will eliminate only a tiny fraction of these nuclear arsenals and that even if the United States and the Soviet Union eventually reach agreement on a 50 percent cut in strategic weapons, their nuclear armaments still will be capable of destroying the world many times over.

Delegates also charged the two superpowers with a special responsibility in both nuclear and conventional disarmament because they possess the largest arsenals. However, they said, U.S.-Soviet disarmament does not ensure collective security in the world and, therefore, cannot substitute for multilateral disarmament.

Some delegates from small and medium countries expressed resentment at the downplaying of their role and that of the United Nations in disarmament.

Prime Minister Harri Holkeri of Finland, who stressed the necessity of both bilateral and multilateral disarmament, complained that multilateral disarmament on a global scale appears to be undergoing a twin crisis: of both confidence and credibility.

Swedish Prime Minister Ingvar Carlsson said international security could not be reduced to a mere function of relations between two big powers.

Many speakers urged the United Nations to play a greater role in disarmament. All countries, big or small, strong or weak, should have the right to participate in discussions of the issues, they said.

They also joined Mugabe in calling on the United Nations, the Nonaligned Movement and the public to pressure the superpowers to make greater progress in destroying and in not producing nuclear weapons.

Summit 'Short on Real Achievements'
*OW0506014588 Beijing International Service
in English 1700 GMT 3 Jun 88*

[Text] U.S. President Ronald Reagan and Soviet leader Mikhail Gorbachev have concluded their summit meeting in Moscow, the fourth in 3 years. As our Washington correspondent Zhang Guohua analyzes, it was a summit long on goodwill gestures but short on real achievements.

A joint statement issued at the end of the Reagan-Gorbachev talks said their comprehensive and detailed discussion covered a full four-part agenda that included arms control, human rights, regional conflicts, and bilateral relations. On arms control, both President Reagan and General Secretary Gorbachev hailed their exchanges of verification document of the medium-range missile treaty which they had signed last December.

In the next 3 years, the two superpowers will for the first time in history get rid of an entire class of their nuclear arsenals. But that medium-range missile treaty can hardly be called the achievements of the Moscow summit. It was the work of the last summit in Washington. What the Moscow summit concentrated on was the second treaty that would cut the superpowers' strategic nuclear weapons by 50 percent. The joint statement said progress was made on two strategic arms issues—mobile land-based missiles and bomber-launched cruise missiles. But no breakthrough was achieved on two much more contentious issues—President Reagan's Star Wars program and sea-launched missiles.

There were discussions on the Middle East, the Iran-Iraq war, Central America, and Vietnamese occupation of Kampuchea, but little progress was reported. Only on southern Africa were the two sides able to set 29 September as the target date for resolving differences on the

settlement that would lead to the independence of Namibia and withdrawal of Cuban troops from Angola. Bilateral relations is probably the one area where achievements have been most visible. For example, the two sides signed quite a few agreements on bilateral cooperation and exchange during the summit.

Perhaps the most noticeable of all about the warming superpower relations was President Reagan's retraction in public of his earlier characterization of the Soviet Union as an evil empire. He said with that characterization he was talking another time, another era. And upon bidding farewell to Gorbachev at the Kremlin, Reagan even called Gorbachev a friend. Will there be a fifth summit between Reagan and Gorbachev? Well, both have said that is possible. But Gorbachev has linked the fifth summit to the signing of the strategic arms reduction treaty, which looks unlikely during the remainder of the Reagan Presidency.

The Reagan-Gorbachev Moscow summit could very well be the last summit between the two leaders.

Spokesman Again Denies Selling Missiles to Iran
HK0606145688 Beijing ZHONGGUO XINWEN SHE
in Chinese 1354 GMT 6 Jun 88

[Text] Beijing, 6 Jun (ZHONGGUO XINWEN SHE)—When answering reporters' questions today, a Foreign Ministry spokesman explicitly pointed out that China has for a long time adopted strict measures to prevent its Silkworm missiles from entering Iran through the international market.

According to a 3 June report in THE WASHINGTON POST, a senior American official revealed that in May, China delivered a shipload of Silkworm missiles to Iran through North Korea. For this reason reporters asked the Foreign Ministry spokesman to confirm the report.

The Foreign Ministry spokesman replied: "China has for a long time adopted strict measures to prevent the reported missiles from entering Iran through the international market. The U.S. Government is clear about that. We do not know why this American official is still spreading such rumors."

HSIN WAN PAO on Nguyen Co Thach, Sigur Remarks
HK0706102688 Hong Kong HSIN WAN PAO
in Chinese 7 Jun 88 p 3

["Evening Talk" column: "Remarks by Sigur and Nguyen Co Thach"]

[Text] Avoid Confrontation [subhead]

When talking about Asian policy, U.S. Assistant Secretary of State for Asian Affairs Gaston Sigur said that one

of the objectives of the United States is to avoid confrontation between major powers in the Pacific region, so if the new Soviet Asian policy coincides with this objective, the United States will welcome it.

The Reality [subhead]

Sigur's speech covered a wide scope. On some issues he spoke brilliantly, but on other issues his remarks were not quite true. As for his opinion that major powers should prevent confrontation in the Asia-Pacific region, this will definitely be welcomed by the people in this region.

The so-called major powers are in fact the two superpowers of the United States and the Soviet Union. One of them still maintains military bases and stations troops in the Philippines, Japan, and South Korea; and the other is making use of Vietnam's Cam Ranh Bay as its naval and air force base. Isn't this a kind of confrontation?

Positive Action [subhead]

Sigur said that at the summit meeting between Reagan and Gorbachev in Moscow, the two leaders talked about Vietnam's occupation of Cambodia and the split between North and South Korea. Reagan hoped that the Soviet Union would employ its influence to promote real peace in these regions.

This were merely fine words. If the superpowers really want to avoid confrontation in the Asia-Pacific region they should take more positive action. The Soviet Union should more effectively prompt Vietnam to withdraw troops from Cambodia. This is a positive action that Moscow should take.

Slandering China [subhead]

As for Vietnam, Foreign Minister Nguyen Co Thach talked a lot of nonsense in slandering China at the UN special conference on disarmament.

What did he say?

He said: "For the past more than 40 years Southeast Asia has suffered from wars successively imposed by four of the world's five nuclear powers. They opposed the independence desire of the Vietnamese, Lao, and Cambodian peoples. Only one of the five nuclear powers (referring to the Soviet Union) was not involved in this!"

Devoid of Gratitude [subhead]

How dare Nguyen Co Thach talk such nonsense!

Did China oppose Vietnam's independence?

Where was Vietnam's first regular infantry regiment built? It was built in Fangcheng County, Guangxi Province, China!

Who helped win victory in the Dien Bien Phu Campaign? General Cuen Geng and General Wei Guoqing!

Who supplied the Vietnamese troops with food and weapons in the anti-French war and the anti-American war?

By doing all this, did China try to oppose independence or help win independence?

Vietnam is now completely devoid of gratitude, and Nguyen Co Thach is a cheeky guy! You must remember: It is you that damaged Cambodia's independence and caused today's evil consequences, and it is not China that opposed or damaged your independence!

Bo Yibo Meets Commerce Chamber Head
OW0506153188 Beijing XINHUA in English
1133 GMT 5 Jun 88

[Text] Beijing, June 5 (XINHUA) — Bo Yibo, vice-chairman of the Central Advisory Commission of the Chinese Communist Party, met a delegation from the International Chamber of Commerce led by Michel Gaudet, chairman of the Arbitration Court of the Chamber, here this afternoon.

The delegation is here to take part in a seminar on international commercial arbitration sponsored by the China Council for the Promotion of the International Trade and the International Commercial Chamber between June 6 and 7.

The seminar will be attended by Giorgio Bernini, president of the International Court for Commercial Arbitration, and law and arbitration experts from China, France, the Federal Republic of Germany, the United States, Italy, Japan, Australia, Canada, Britain, the Netherlands and Ireland.

The meeting was followed by a dinner given by the host council for the delegation. Bo Yibo, is also honorary president of the council, was present on the occasion.

International Seminar on Contracts Opens
OW0706053488 Beijing XINHUA in English
1406 GMT 6 Jun 88

[Text] Beijing, June 6 (XINHUA)—An international seminar began here today on the various ways countries around the world arbitrate commercial contracts and disputes.

Sponsored by the International Chamber of Commerce [ICC] and the China Council for the Promotion of International Trade, the 2-day seminar is involving around 150 arbitration experts from France, Switzerland, the United States, Federal Germany, and China.

Ren Jianxin, president of the China Supreme People's Court, gave the opening speech today.

Among the speakers are [name indistinct] chairman of ICC Arbitration Court and Tang Houzhi, vice chairman of the China Foreign Economic and Trade Arbitration Commission.

Wang Zhen Salutes Everest Mountain Climbers
OW0306220688 Beijing XINHUA in English
1335 GMT 3 Jun 88

[Text] Beijing, June 3 (XINHUA)—A grand victory celebration was held here today to commemorate the successful cross-traverse over 8,848.13 meter Mount Chomolungma [Everest] by the China-Japan-Nepal joint friendship expedition.

Prior to the celebration, Chinese Vice President Wang Zhen received the leaders, summitters of the three teams of the expedition and two congratulation delegations from Japan and Nepal.

Wang Zhen also attended the celebration activities.

Speaking at the celebration meeting, Li Menghua, general adviser of the Chinese team of the expedition and minister of the Chinese State Physical Culture and Sports Commission said: This is a historic moment that the expedition traversed the world's highest peak from both sides and the expedition has set a new world record that so many mountaineers successfully traversed Chomolungma/Sagarmatha in one day and stayed so long time there.

"This is also the first time that the people in every corner of the world could see this historic moment by their own eyes through the satellite transmission," he added.

The Chinese minister pointed out: "This success is the symbol of the significant collaboration among the governments and peoples of three countries and associations."

Shi Zhanchun, general captain of the expedition and president of the Chinese Mountaineering Association, praised the technical skill, wisdom and indomitable will displayed by the trinities [preceding word as received] expedition in conquering and cross-traversing the Mount Chomolungma.

Shi continued that "the traverse of Chomolungma has set an example for different peoples and nations to create new chapter of civilization history, the close cooperation of trinities has made the traverse of the world peak a success, which reflects the spirit of cooperation of mankind."

Sakurauchi Yoshio, general adviser of the Japanese team of the expedition, Kobayashi Yosozi, general adviser of the support team of the expedition and Mohammed Mohsin, general adviser of the Nepalese team of the expedition and minister of tourism, also made speeches.

The celebration meeting presented 24 leaders, summitters of the three teams of the expedition with China's sports medal of honor and 23 members of the expedition with China's sports first-class and second-class medals.

The 14 summitters of the expedition are four Chinese Cering Doje, Li Zhixing, Rinqen Puncog and Da Cering, five Japanese Yamada Noboru, Yamamoto Munehiko, Susumu Nakamura, Syoji Nakamura and Teruo Saegusa, and five Nepalese Ang Lhakpa, Sherpa Lhakpa Soma, Sherpa amg Phurba, Sundare Sherpa and Padam Bahadur Tamang.

During the meeting, the Chinese Mountaineering Association presented diplomas for 13 of the 14 summitters of the Mount Chomolungma. The Nepalese summitter Sundare Sherpa has not come to Beijing.

This evening, the hosts gave a reception in honor of leaders, summitters and other members of the expedition and the two congratulation delegations from Japan and Nepal.

United States & Canada

Panchen Lama Meets American Buddhists
OW0706033488 Beijing XINHUA in English
0942 GMT 6 Jun 88

[Text] Beijing, June 6 (XINHUA)—Bainqen Erdini Qoigy Gyaincain, vice chairman of the Standing Committee of the Chinese National People's Congress, met here today with a religious exchange delegation from San Francisco, the United States.

The 40-member delegation, arrived here yesterday at the invitation of the China Association for International Friendly Contact.

Lun Yun, leader of the delegation and master of the Yun Lin Temple, first studied Buddhism in the Temple of Harmony and Peace in Beijing when he was young and has devoted himself to the studies of Tantric Buddhism Black Sect, which originated in Tibet.

Bainqen, also honorary president of the China Buddhist Association briefed the visitors on China's religious policies, saying that religions people should make contributions to promoting friendship among all peoples and safeguarding world peace.

In response to a question about Tibet, Bainqen said that Tibet is an inseparable part of China, and any attempt to separate it from China runs counter to the interest of the Chinese people and goes against both national and regional interest of China.

The delegation will also tour Chengde, Xian, Chengdu, Shanghai, Hangzhou, and Tibet.

In the evening, Wang Shoudao, president of the host organization, will give a banquet to welcome the American guests.

Sino-U.S. Friendship 'Praised' in Article
OW0306090788 Beijing XINHUA in English
0625 GMT 2 Jun 88

[Text] Washington, June 1 (XINHUA)—Former U.S. Secretaries of State Henry Kissinger and Cyrus Vance have called for realistic U.S. foreign policies toward the changing situation in the world.

In a jointly-written article in the current issue of FOREIGN AFFAIRS magazine, the two former presidential advisers said the United States can no longer afford financially to do as much internationally as they did in the immediate postwar period.

Despite its vast military power, the ability of the U.S. to shape the world unilaterally is becoming increasingly limited, they said.

The article says that Western dependence on America's role will be reduced since the Soviet threat is thought to be diminishing by U.S. allies, at the same time that more and more Americans want the United States to be less active internationally.

"Thus the United States is called upon to exercise new, subtler and more comprehensive forms of leadership," the former secretaries said.

As for U.S.-Soviet relations, the political dialogue between the U.S. and the Soviet Union represents a significant improvement in bilateral relations, however, the summit meetings between the two countries should not be seen as rewards for good behavior or reasons for concessions or pretexts for signing agreement. "This requires a concrete American and Western political programs," the statesmen said.

But they warned that no American president can base his policies for dealing with the Soviet Union "on the presumed intentions of a Soviet general secretary." On arms control the statesmen predicted that future agreements with the Soviet Union "will be much more difficult to conclude". Despite U.S. domestic differences over the deployment of space weapons suggested by the Strategic Defense Initiative (SDI), "research and development in the program should be continued and gains that have come out of SDI programs should be preserved," they said.

It is "imperative," they said, that the next phase of arms control will concentrate on conventional forces and weapons in Europe.

On the NATO allies, the authors maintained that Europe will inevitably play a greater part and have a larger voice in the defense of its own territory.

In U.S. relations with Japan, the two countries should seek to establish overall goals and work toward them. The U.S. trade deficit should not be reduced "by pressing Japan to step up its defense efforts," they said.

Pointing to Sino-U.S. relations, the authors praised the friendship between the two nations as "one of the few uncontested achievements during two decades of bitter debates."

China's huge market and increasingly open economy are beneficial to the development of long-run trade and foreign investment and "it is shortsighted and unfair to continue to include the PRC in less favorable categories for the purposes of technology transfer and financing," they said, adding that they "favor the use of discretionary powers to encourage the transfer of technology to China, to assist growth ..."

The article puts forward three principles for the U.S. to develop a substantive position on the Palestinian issue:

- Israel should not and cannot stay where it is in the occupied territories,
- Israel has a right to secure and recognized frontiers,
- The Palestinians have legitimate rights which should be recognized, provided they in turn unambiguously recognize the right of Israel to live within secure and recognized boundaries.

On Latin America, the authors said recent troubles in the region have made it clear that "we must deal with the problems differently than before, and also differently from the way we defend our interests on other continents."

The authors state that the next U.S. president will be severely challenged to guide the country through "a period of international transition and to secure a firm place for the United States in a changing configuration of nations."

"We believe that America's international standing and national security need not be diminished because we adopt more selective and collaborative international strategies based on new realities," they conclude.

Productivity an 'Obsession' With U.S. Industry
OW0406105788 Beijing XINHUA in English
0748 GMT 3 Jun 88

["Round-up: U.S. Industry Obsessed With Productivity," by Zhao Zijian—XINHUA headline]

[Text] Washington, June 2 (XINHUA)—Productivity is the buzzword of the 1980s for thousands of U.S. businesses, whose obsession with it has begun to pay off here and there, though Japan and Europe are still way ahead.

The obsession started with desperation at the beginning of the decade, when the mounting Third World debt problem shrank the markets for U.S. goods, and high interest rates and the strong dollar brought in a flood of foreign imports.

The situation gave rise to the widespread "restructuring" of U.S. enterprises, which meant plant closings, layoffs, mergers and foreign sourcing. The goal of these restructurings, as hailed by some business gurus, is to make U.S. companies "lean and mean" and capable of surviving the competition.

Indeed, the efforts paid off in terms of profit in the last two years. The steel industry has reduced its capacity by 25 percent since the restructurings began. This, together with the weaker dollar and upgraded production processes, have reversed the industry's trend of losses.

However, this kind of restructuring is a one-time shot. Beginning in 1987, U.S. exports boomed and factory capacity was strained. Manufacturers began to employ more workers, brightening the employment picture.

However, some experts consider this dangerous, because increased orders do not necessarily mean rising productivity and U.S. companies could be in deep trouble when lean times come. They believe that other ways of raising productivity may be key to America's competitiveness.

U.S. manufacturing output from 1983 to 1985 rose by only five percent annually, then fell by about three percent despite rising capital investment.

The use of computers is one of the major reasons for the productivity improvement. One cannot find a U.S. company of reasonable size not using computers nowadays.

Other companies tried to focus on the management side. For example, Motorola Inc. has adopted a large-scale worker training program, believing that a high-quality work force is the solution to the productivity problem.

The educational process paid off in terms of raising product quality, variety and customer satisfaction.

U.S. industries invested 17 billion dollars in 1987 for better productivity. The amount may reach 19 billion dollars this year. But some of the money did not or may not lead to any result.

Some specialists, trying to find the answer to the productivity problem, found the U.S. still way behind its competitors despite the huge amount of investment. They concluded that the money may have been spent the wrong way, in disregard of world market conditions.

They said the life spans of the new technologies and related products is becoming shorter and shorter. U.S. companies should focus on speeding up the commercialization of new technologies by rewarding new product development.

This is difficult, because research and development involves risk and expenditure at a time when the plant can produce old products at low cost. Because of the prevalent accounting methods in the U.S., managers using new technologies may not be rewarded for their risk taking but will possibly be punished if they fail to bring in more profits.

Specialists say these accounting methods, strictly input and output in figures in disregard of the need for taking risks and pursuing rewards, have put U.S. companies in a disadvantageous position.

The percentage of labor costs in manufacturing industries is decreasing, especially in the high-tech sectors where automation is the way.

A Wang Laboratory executive told the reporter that wages account for only seven percent of total production costs. That percentage is high when compared with some other companies. There is one company that has abandoned the consideration of labor cost because the cost is too insignificant.

This means that when factory automation reaches a certain point, one cannot raise productivity by reducing the number of workers. The only ways up are providing defect-free products, better distribution and customer satisfaction.

U.S. companies, in varying degrees, are pursuing these goals. As one Brookings scholar said yesterday at a press conference that the 1980s will be the most challenging time for U.S. businesses.

Soviet Union

Tian Jiyun Hosts Reception for Soviet Visitors
OW0706011788 Beijing in Russian to the USSR
1800 GMT 3 Jun 88

[Text] The third session of the PRC-USSR Commission for Economic, Trade, and Scientific and Technical Cooperation opened in the afternoon of 3 June in Beijing. Tian Jiyun, vice premier of the PRC State Council and chairman of the Chinese side of the commission; and Yuriy Maslyukov, first deputy chairman of the USSR Council of Ministers and chairman of the Soviet side of the Commission, and the governmental delegations led by them, held the talks.

In the evening, Tian Jiyun hosted a reception for the Soviet visitors. Tian Jiyun and Yuriy Maslyukov exchanged speeches. Tian Jiyun said that cooperation

between the PRC and USSR in economic, trade, scientific and technical, cultural, and other spheres is now developing without interruption. Results are now being seen which had been envisaged by last year's protocol on goods exchange and payments between the two countries. Border trade between the two countries has developed rapidly as well. The sides are implementing the pledges envisaged by the Sino-Soviet agreement for economic and technical cooperation on construction and reconstruction of Chinese industrial projects. The development of economic and trade cooperation in new spheres (is acquiring) new forms.

Tian Jiyun noted: In the course of the present session, we shall sign an agreement on establishing and developing local economic and trade ties between the two countries and an agreement on establishing joint Sino-Soviet enterprises. I am convinced that the signing of these two documents will further promote the development of economic and trade relations between the two countries, their regions, and departments.

Tian Jiyun continued: Perestroika of the economic system and social perestroika are now under way in the Soviet Union. We wish the USSR further successes in socialist construction and successes in perestroika. Tian Jiyun said: The Chinese Government and people highly value the traditional friendship between the Chinese and Soviet peoples and wish to further improve state relations with the Soviet Union, on the basis of the five principles of peaceful coexistence, with the view toward normalizing the interstate relations between the two countries as early as possible.

Maslyukov said in his speech that noticeable positive changes are taking place in USSR-PRC cooperation. This cannot but cause a deep satisfaction to all Soviet people. The Soviet side intends to make further efforts towards the constant and unabating improvement of our relations with China, and efficiently encourage everything promoting rapprochement of our peoples.

Provincial Tour Begins
OW0606123688 Beijing in Russian to the USSR
1800 GMT 4 Jun 88

[Text] The third session of the Sino-Soviet Economic, Trade, and Scientific and Technical Cooperation Commission met in Beijing on the morning of 4 June.

Speaking at the session, Tian Jiyun, Chinese vice premier and chairman of the Chinese side of the commission, expressed satisfaction with the progress made in the trade, economic, and scientific and technical cooperation between the two countries. He said that we pay great attention to the process of perestroika in the Soviet Union, and are pleased to see that the USSR is full of determination to implement perestroika and that it has achieved successes in certain areas.

Tian Jiyun and Yuriy Maslyukov, first deputy chairman of the USSR Council of Ministers and chairman of the Soviet part of the commission, exchanged views on broadening of trade, economic, and scientific and economic cooperation between the two governments, government departments, between regions and border towns and settlements. They briefed each other about the process of economic reforms.

Yuriy Maslyukov and his colleagues left for Shanghai, Guangzhou, and Shenzhen in the afternoon.

Visits Guangdong Province

OW0706095688 Moscow Television Service
in Russian 0810 GMT 7 Jun 88

[From the Vremya newscast]

[Text] The Soviet Government delegation headed by Comrade Maslyukov, which is currently visiting the PRC in connection with the third session of the Soviet-Chinese Economic, Trade, and Scientific and Technical Cooperation Commission, has been visiting Guangdong Province in South China. The delegation learned in detail about the economic activities of enterprises in Shenzhen, one of the PRC's special economic zones, inspected a number of large industrial projects created jointly with foreign capital, and visited the Shekou industrial area.

The Soviet delegation today laid a wreath at the Chinese-Soviet Friendship Pavilion erected in memory of Soviet citizens killed by reactionary forces in the days of the Guangzhou uprising in 1927.

Daily on Soviet Public Opinion on Reform

HK0506022888 Beijing RENMIN RIBAO in Chinese
27 May 88 p 7

[Article by Fang Xuan (2455 5503): "Soviet Public Opinion Before the 19th CPSU National Congress"—passages in boldface as published]

[Text] The 19th CPSU National Congress will meet in the second part of June. Soviet leaders treat this conference as the beginning of the second stage of the reform. Gorbachev recently pointed out: The intention of the conference is to "seriously take good care of the process of reform and provide a new great impetus to reform."

This all-important party congress has received the attention of all people of the Soviet Union, up and down, especially because of a debate over reform that took place in the media not long ago. On 13 March, SOVIET RUSSIA carried a reader's letter entitled "I Can't Give Up Principle," which expressed opposition to many practices in the reform. On 5 April, PRAVDA published an article refuting the argument. Then Soviet newspapers and magazines successively published a series of articles and readers' letters reflecting reform-related

views and attitudes of people of all walks of life and all social strata. Many articles and readers' letters considered that "there is no retreat from the reform."

Initial results have been achieved in the first stage of reform. Recent speeches by Gorbachev and data published in PRAVDA, and so forth provide proof of a positive trend of continuous development in Soviet production in the past 3 years of reform. In the 3 years from 1985 to 1987, average annual growth rates were: 3.3 percent growth of national income, 3.9 percent growth of gross national product, 4.2 percent growth of industrial output value, and 4.7 percent growth of consumer goods output value. The above various rates of growth greatly exceeded the average figures in the 3 years from 1981 to 1983. In the past 3 years, annual grain output exceeded 200 million tons. This was what was not achieved in the several preceding years. There was a three-fold increase in the past 3 years in the output of the manufacturing machinery industry—an industry that carries great strategic significance in accelerating economic development. In 3 years, 10 million residents improved their living conditions.

In the past 3 years, noteworthy changes have also taken place in the theoretical field in the Soviet Union. The trammels of Leftist concepts and dogmatism have begun to be overcome. Some erroneous concepts on socialism have been corrected. There has been a more realistic understanding of the protracted and complicated nature of the reform. There has been opposition against both the conservative and the reckless. Regarding the reform of the economic system, in light of experiences of the past 3 years, a main idea for the relatively comprehensive and fundamental reform of the economic management system has been put forward. It covers the "Basic Principles for the Fundamental Reform of Economic Management," the "Enterprise Law," and more than 10 relevant documents. This has brought reform from an experiment with a single item gradually to the new stage of linking things up comprehensively and paving the way for everything.

"There is no path to follow if we turn back." This has become the main cry of public opinion. Many articles in Soviet newspapers and magazines pointed out that the wide discussion sparked by the debate between the two newspapers was in essence a reflection of an intensified struggle between reformist and conservative forces. This debate not only touched on Stalin but also actually constituted a struggle involving the maintenance or elimination of old patterns, and also the matter of whether or not to carry out a reform.

In a letter to PRAVDA by 38 writers headed by (Ma-er-ke-fu) [7456 1422 4430 1133], Chairman of the Soviet Writers' Association, it was stressed, "There is only one road before us—a revolutionary reform." In light of progress in comprehensive experiments with the drama reform in the past year or so, Soviet Minister of Culture

Zakharov pointed out: With the past system of restricting the decisionmaking power in creation and restricting the initiative spirit, there is the need to introduce a reform. A scientific symposium of Soviet historians and writers held the view that history and literature should guarantee the irreversible nature of the reform being carried out by the Soviet Union.

Face up to existing problems and take measures to seek a solution. Soviet press circles contend that to push reform forward, we must overcome multiple difficulties ahead. They pointed out that there are more difficulties encountered in reform than expected. It was reported that despite an annual grain output exceeding 200 million tons in the past 3 years, there was a serious shortage of meat, vegetable and fruit supplies. This affected seriously the life of the masses of residents. On 5 May, the Political Bureau of the CPSU Central Committee in its regular meeting criticized the State Agroindustrial Committee, the Ministry of Grain Products, the Ministry of Trade, and so forth for being "too slow" in proceeding with the reform to solve the problem of food supplies and for the food supply situation being intolerable in certain areas. Recently, Gorbachev, in a meeting with the working personnel of a contract group of an integrated agricultural and industrial enterprise, basic-level party and government leaders, and experts in agriculture, stressed the need to solve through various versions of the contract system the shortage of food and light industrial products being experienced.

Differing views must not be overlooked. In this debate, Soviet newspapers and magazines also published quite a large number of differing views. Assessments by some of them of historical figures, especially under Stalin, became the main point of debate.

Some people said: "If Stalin were still alive, the living standard of the common people in our country would have long occupied the first place in the world." A veteran fighter, in a letter to the (QIANNIAN JINWEI-JUN) [7230 1628 6602 5898 6511] magazine, demanded "protecting our past leaders from being defamed and vilified". Some of the views were aimed directly against the reform. It was held that reform meant "running counter to ideals," "giving up principle," "undermining the foundation," "subverting and destroying socialism," or "heading toward petty bourgeois socialism based on the relations of commodities and money."

Northeast Asia

2 Japanese Detainees Admit Firing on Consulate
OW0606183788 Beijing XINHUA in English
1507 GMT 6 Jun 88

[Text] Tokyo, June 6 (XINHUA)—Members of "Kyoku Seikai," a right-wing terrorist group in Kitakyushu District confessed to the police today that their group was responsible for the shooting of the Chinese Consulate General in Fukuoka in March, it was learned here.

Shiroishi and Honda, two terrorists arrested on May 20 for involvement in the shooting, admitted that the incident was engineered by the "Kyoku Seikai" in a planned and organized way. However, Shitoishi denied to have fired the shot himself.

An unidentified gunman fired a shot at the first floor of the three-storied Chinese Consulate General in Fukuoka from a white-colored car and drove away on the night of March 11. The shot shattered a window in the boiler room, but no one was injured.

Police in the southwestern Prefecture of Fukuoka later set up a team to investigate the incident. They believe that the head of the right-wing terrorist group Mizoshita is the behind-scene manipulator of the incident and ordered the arrest of the criminal at large.

Japan's Economic Strategy Adjustment Discussed
HK0506064488 Beijing LIAOWANG in Chinese
No 21, 23 May 88 pp 39-40

["Dispatch" by special correspondent Zhang Kexi (1728 0668 0823): "The Adjustment of Japan's Economic Strategy"]

[Text] Tokyo—Kunio Takenaka, chairman of the Japanese National Economic Research Academy, said during a recent interview with this reporter that the evaluation of the Japanese yen has led to an adjustment of its economic strategy. Japan has witnessed the biggest shift from an export-oriented economy to an inward-oriented economy over the 40 odd years since the end of World War II. He did not agree with the assertion that Japan has performed a "miracle" in overcoming the "depression resulting from the yen's evaluation," and pointed out that Japan's economy is just taking the road it should take.

The Japanese National Economic Research Academy is one of Japan's authoritative organizations carrying out economic forecasts and studies. Kunio Takenaka is the fifth chairman of the academy. While studying at Tokyo University, he majored in Japanese economy, industrial organizations, and economic policies. He graduated from the economics department of the university in 1952.

Takenaka cited three examples of the yen's evaluation since the end of World War II. The first evaluation took place between 1971 and 1973, during which the exchange rate between the Japanese yen and the U.S. dollar rose from 380:1 to 260:1. The second evaluation occurred between 1976 and 1978, during which the exchange rate rose from 290:1 to 190:1. The current evaluation, which started in the second half of 1985, has registered the highest evaluation rate. The exchange rate has risen from 240:1 in that year to the present 120:1 or 130:1. The current evaluation has produced a different impact on Japan's economy as compared with the previous two. First, calculated with the U.S. dollar, Japan's wage level has outstripped that of the United States and

ranks first in the world. Although the costs of food and housing are very high in Japan, the people do not feel that they are living the most expensive life in the world. But enterprises in Japan have to pay the highest wages in the world. This being the case, no enterprise can make profits if it still uses old production methods. Therefore enterprises in Japan are beginning to produce commodities of high additional value. Second, following the rapid increase in the industrial strength of some newly emerging industrial countries and regions in Asia including Singapore, South Korea, Taiwan, and Hong Kong, the international economic environment has changed, which makes it possible for Japan's enterprises to form an international production and marketing network. In the past Japan could at most export 20 percent of its finished industrial products. But it exported 45 percent of such products in 1987, and it might top 50 percent this year. Third, as a result of the evaluation of the Japanese yen, the Japanese market has exceeded the U.S. market by 60 percent in terms of scope. The Japanese market is quite attractive to the United States, Europe, and the rest of Asia, which have strongly demanded that Japan further open its market. In addition, Japan's enterprises are also actively exploring the international market. All these have brought about a change in Japan's economy.

Takenaka pointed out that Japan did not adopt a corresponding macroeconomic policy in the course of the Japanese yen's evaluation. This has brought about a slowdown in Japan's economic development. Some people call it a "depression resulting from the yen's evaluation." The 1986 economic growth rate dropped to about 2 percent. This did not happen during the previous two evaluation periods.

Now the side effects of the yen's evaluation are being removed and investments in the construction of public facilities are increasing. The country's economic growth rate is tending upward. The economy registered a growth of 7 to 8 percent in the second half of last year.

Takenaka predicted that Japan's economy will increase by about 5 percent this year, higher than the 3.7 percent forecast by the government.

He said that the continuous growth of Japan's economy is determined by the situation in the U.S. economy, by whether the yen will continue to evaluate, and by whether inflation will take place in Japan. According to his explanation, although the U.S. economy is developing slowly, it can maintain a certain growth rate. In the long run, the Japanese yen will continue to rise against the U.S. dollar, but the exchange rate will temporarily remain at 120:1 or 130:1. Prices in Japan are stable and banks in the country are doing well in controlling the money supply. So inflation is unlikely to take place immediately. Therefore it will be no problem for Japan's economy to increase by 5 percent during these 2 years.

This reporter asked Takenaka about Japan's adjustment of its economic strategy over the last 2 years. Takenaka said the largest strategic measure has been adjusting the industrial structure, enhancing the additional value of enterprise products, and internationalizing enterprises' operations.

Improving the quality of commodities for daily use has become the target of industrial development. Different trades and undertakings have made continuous progress in improving the quality of services and commodities for daily use, and more and more people have found enjoyment.

Moreover, almost all trades are enhancing the additional value of their products. Steel enterprises are no longer producing ordinary rolled steel but are manufacturing high-tensility plate steel and seamless steel tubes and carrying out high quality surface processing of rolled steel. Ship building enterprises are making energy-saving vessels and deluxe passenger ships. Car factories are introducing car electronization. Also, many enterprises are developing new trades in other fields. An example is that steel enterprises are going into the electronics industry.

In the past, Japan's enterprises made direct investments in foreign countries only when they were encountering difficulties in their exports, to pursue the internationalization strategy. Now the situation is different. They are making investments abroad because they have suffered losses in domestic production and want to have their commodities resold to the country from abroad while expanding foreign marketing. Some enterprises have even moved their general offices abroad.

In conclusion, Takenaka talked about the problems Japan's economy is facing. The first problem is, he said, to what extent Japan will open its market to foreign countries, particularly to newly emerging industrial countries and regions in Asia. In other words, to what extent it will liberalize the imports of products and capital. These countries and regions will be of help to Japan if they can make good use of the Japanese market in the course of their economic development.

The second problem is science and technology. Japan has overtaken the United States in terms of industrial technology but is falling far behind the United States in the scientific field.

Takenaka added that Japan wants to strengthen its basic research work but is short of funds. Japan should make contributions to the world in the scientific sphere, should become a scientific and technological research center in Asia, should provide this region with the achievements in scientific and technological research, and should allow overseas scientists, technicians, and experts to engage in research and exploitative activities in Japan.

Wu Xueqian Meets Japanese Industrialists
OW0706013688 Beijing XINHUA in English
0705 GMT 6 Jun 88

[Text] Beijing, June 6 (XINHUA)—Chinese Vice Premier Wu Xueqian met with a visiting delegation from Kyushu-Yamaguchi Economic Federation of Japan led by Saburo Nagakura, chairman of the federation, here this morning.

The delegation, composed of 30 industrialists and entrepreneurs, has come to promote economic exchanges between Kyushu and China.

Wu thanked the federation for its efforts in promoting economic exchanges between the two countries hoped the delegation's current visit would mark a new start for the development of the economic and trade relations, and technical and cultural exchanges between China and Kyushu.

The delegation was invited by the China Institute of Contemporary International Relations.

Fujian Governor Thanks Japan for Relief Aid
OW0706070188 Beijing XINHUA in English
1514 GMT 6 Jun 88

[Text] Fuzhou, June 6 (XINHUA)—Japanese Government aid to storm-stricken areas of southeast China's Fujian Province earned an official thank-you today.

Provincial Governor Wang Zhaoguo sent a telegram of thanks to Toshiji Nakajima, Japanese ambassador to China, for relief materials worth 30 million yen that arrived in Shanghai yesterday.

The materials, which include generators, filtering equipment, communication apparatus, medicine, and food, are expected to be delivered to Fujian soon.

Last month, heavy storms hit the northern part of the province, causing serious losses.

Southeast Asia & Pacific

Australia To Boost Transport, Communication Links
OW0706070788 Beijing XINHUA in English
1740 GMT 6 Jun 88

[Text] Canberra, June 6 (XINHUA)—An Australian minister believes it is an ideal time for Australia to further its links with China in the transport and communications fields.

Peter Morris, Australian minister for transport, said yesterday, "China is placing a great deal of emphasis on upgrading and developing its transport and communications infrastructure, and is looking closely at Australia's experience in developing efficient and economic transport and communications systems over large areas and to remote locations."

Referring to the third meeting of the Australia-China Joint Consultative Group on Transport and Communications which was held on June 2 in Melbourne, the minister noted, it was extremely successful in furthering the trade and economic relationship between the two countries.

"In particular, these discussions will enhance prospects for Australian companies looking to identify and negotiate commercial arrangements with China in the transport and communications fields."

During the meeting, Ye Qing, vice chairman of China's State Planning Commission, stressed, there is a wide vista for cooperation between China and Australia in these fields.

Ye Qing expressed strong support for the forthcoming visit of the Australian shipping industry mission to China, and invited Australia to submit proposals in the area of port and airport development, and to send missions to China for these progress.

Peter Morris and Ye Qing were the cochairmen of the meeting. The first meeting of the joint consultative group was held in 1976.

Vietnam's 'Partial Troop Withdrawal' Viewed
HK0306168888 Beijing RENMIN RIBAO in Chinese
3 Jun 88 p 6

[Article by He Zhuo (0149 0587): "Vietnam's Troop Withdrawal Is Open to Doubt"]

[Text] On 26 May the Vietnamese authorities announced that they would withdraw 50,000 troops from Cambodia this year and that the rest of the Vietnamese troops would be placed under the command of the Phnom Penh government. The world public opinion has universally expressed its doubts about Vietnam's action. In view of the fact that Vietnam's "partial troop withdrawal" on previous occasions was in fact a form of relieving garrisons, it is difficult for people to say with certainty that Vietnam will not play the same old trick again this time.

The above-mentioned view is not without good grounds. Since 1982, the Vietnamese authorities have become used to choosing the right moment to announce the so-called "partial troop withdrawal." Since the number of "troops withdrawn" each time is between 10,000 and 20,000, this has added up to about 100,000 troops. If

calculated according to the figure by the Hanoi government, which gave the number of Vietnamese troops in Cambodia at 170,000 at peak time, there are only some 80,000 Vietnamese troops left in Cambodia. However, according to an estimate by the military experts of ASEAN countries, there are still 150,000 to 160,000 Vietnamese troops in Cambodia today, not including those killed in the 10-year war of aggression. Although a hue and cry about "troop withdrawal" is raised every year, the number remains unchanged. The secret lies in a sham troop withdrawal—one that is really a relief of garrisons. The trick of "troop withdrawal" played by the Vietnamese authorities on the past six occasions and the various weak points in their statement on the seventh troop withdrawal have made it difficult for people to believe that Hanoi will not seek undeserved publicity again this time.

After the Soviet Union started pulling out its troops from Afghanistan, the Cambodian issue became a focal point for world attention. As an aggressor, Vietnam has been subjected to ever growing international pressure and its position has become even more isolated. Moreover, as a result of wantonly engaging in military aggression over the years, the Vietnamese economy has landed in a hopeless situation. Its finances are in unprecedented difficulty, it is extremely short of goods and materials, famine is spreading, and it urgently needs foreign aid. But the unjust war of invading Cambodia has alienated it from the international community. The situation is so grim that the Vietnamese authorities are obviously eager to divert people's attention, reduce internal and external pressure, improve their own image, and gain international support by cheating. At this particular moment, Vietnam announced that it would withdraw 50,000 troops from Cambodia. The intention of this act is clear at a glance and self-evident.

The Vietnamese authorities also declared that the headquarters of the Vietnamese troops invading Cambodia would be withdrawn and that the rest of Vietnamese troops would be placed under the "command" of the Heng Samrin regime. This is purely deceitful talk. Hanoi's bizarre practice of "changing place between the master and the servant" is simply aimed at legitimizing the puppet regime in Phnom Penh, establishing an "independent" image for it, and thus turning the Cambodian issue into an "internal issue" and changing Vietnam into an "outsider" having nothing to do with it. This way of calculation cannot be regarded as bad. However, the excessively naked plot of the Vietnamese authorities precisely shows that they have no intention for a political solution to the Cambodian issue and that they do not intend to genuinely pull out their troops but attempt to go on maintaining their policy of invading Cambodia under another condition.

The Cambodian issue is entirely caused by Vietnam's aggression of a weak and small neighboring country. The key to solving this issue lies in Vietnam unconditionally pulling out its troops from Cambodia. This is a just

demand of the Cambodian people and the international community. As far as the Vietnamese authorities are concerned, if they want to extricate themselves from their difficult position, they should withdraw their troops from Cambodia in earnest. First, Vietnam should conscientiously work out a timetable for the withdrawal of all its troops as quickly as possible and accept international supervision. Moreover, it should take part in all process for a political solution to the Cambodian issue rather than to disguise itself as an "outsider." Conversely, if the Vietnamese authorities still persist in their obdurate stand, consistently talking ambiguously on question of total troop withdrawal or attempting to use "partial troop withdrawal" as an excuse to delay or to refuse total troop withdrawal, they will only ask for more trouble.

On the Vietnamese authorities' announcement of "troop withdrawal," Moscow has made an immediate reaction, speaking very highly about it. In truth, what the Soviet Union should do today is that, instead of stubbornly applauding and shielding Vietnam's questionable "partial troop withdrawal," it should employ its special influence to urge Vietnam to unconditionally put out all its troops from Cambodia as quickly as possible and thus extricate itself from the predicament of being beset with difficulties at home and abroad.

Near East & South Asia

Li Ximing, Iraqi President on Ties, Gulf War
OW0606123888 Beijing XINHUA in English
1150 GMT 7 Jun 88

[Text] Baghdad, June 6 (XINHUA)—"Relations between Iraq and China have been and still are superb," Iraqi President Saddam Husayn said.

When meeting here Sunday the visiting Chinese delegation headed by Li Ximing, member of the Political Bureau of the Chinese Communist Party Central Committee, Husayn reviewed the traditional ties of friendship between China and the Arab states in the past decades. He said China is different from the superpowers since it does not interfere in the internal affairs of Arab states but helps them in their construction and their buildup of defensive capabilities to resist external aggression.

"We, therefore, highly esteem our friendship which will last over the coming generations", the Iraqi president said.

This visit, he added, will further develop the relations between the two countries.

On war and peace, Saddam Husayn said that Iraq is in need of peace more than ever. He called for the implementation of the UN Security Council resolution 598 calling for an end to the Iraq-Iran war, so that the people of the region can live in peaceful coexistence.

Li Ximing told the Iraqi president at the meeting that China is greatly concerned with the friendship and cooperation with Iraq and other Arab states. He hailed Iraq's initiative to end the war.

He reiterated that China will continue its efforts for the implementation of the Security Council resolution 598.

He expressed his appreciation for the achievements of Iraq in different fields under the leadership of President Saddam Husayn.

Li Ximing, who arrived here last Friday, invited on behalf of the Chinese Communist Party Central Committee an Iraqi Arab Socialist Baath Party delegation to visit China next year. President Saddam Husayn accepted the invitation willingly.

Li Ximing held talks Sunday evening with Iraqi Foreign Minister Tariq 'Aziz on bilateral relations, the Iran-Iraq war and issues of mutual concern.

Ziaul Haq on Strengthening Bilateral Ties
OW0306152688 Beijing XINHUA in English
1243 GMT 1 Jun 88

[Text] Islamabad, June 1 (XINHUA)—Pakistan President Mohammad Ziaul Haq has reaffirmed his stand that Pakistan will keep its foreign policy intact following the dissolution of the national assembly and dismissing federal cabinet.

He specially invited all heads of Islamabad-based foreign missions to attend his briefings at the new residency here yesterday and assured them that Pakistan would continue its foreign policy practised so far despite the latest developments in the country. He also assured them that Pakistan remained committed to the terms of the Geneva accord on Afghanistan signed in mid-April.

He also reiterated the position he made clear in his address to the nation on the evening of May 30 and highlighted its guiding principles of Pakistan foreign policy.

In his previous national address, Ziaul Haq said that Pakistan's relations with the United States, China and Saudi Arabia as well as with other Islamic countries remain the cornerstone of Pakistan's foreign policy. At the same time, he expressed Pakistan's willingness to better its relations with the Soviet Union and India.

He personally telephoned charge d'affaires ad interim of the Chinese Embassy here Shao Jiongchu in the evening of May 29, the day when he dissolved the national assembly and federal cabinet, and apologized for his postponement of scheduled formal visit to China to start on May 30 due to internal occurrence. He again had long conversations with Shao yesterday during the break about his desire to further strengthen the existing Pakistan-China friendship.

"The new changes in Pakistan are their internal affairs but we hope that General Ziaul Haq and the future Pakistan Government will continue their support and assistance to us," Afghan resistance sources said.

Ziaul Haq said that Pakistan would continue to strive for good relations with neighboring India on the internationally acknowledged principles of mutual respect. Pakistan's Foreign Secretary Abdul Sattar has gone to New Delhi as scheduled to meet his counterpart to talk over the normalization of relations between the two countries.

He also said Pakistan desires good relations with the Soviet Union and the change appears bright for him.

Ziaul Haq is reported to have decided to reduce dependence on loans in economic development and drastically cut the new budget deficit by curbing rampant corruption and mobilising national resources. He has already ordered inquiry into ex-MP's assets.

Indian President To Visit Mongolian Republic
OW0706103988 Beijing XINHUA in English
1748 GMT 6 Jun 88

[Text] New Delhi, June 6 (XINHUA)—Indian President R. Venkataraman will pay a state visit to Mongolia from July 13 to 16, according to an official release published here today.

This visit is at the invitation of F. Batmonh, chairman of the Presidium of the Great People's Hural of the Mongolian People's Republic.

Indian president will hold talks with the Mongolian leadership and attend a civic reception, the release said.

This will be the first ever visit by the Indian president to Mongolia.

Sub-Saharan Africa

Bank Reaffirms Contribution to African Economics
OW0306183488 Beijing XINHUA in English
0538 GMT 3 Jun 88

[Text] Abidjan, June 2 (XINHUA)—China has reaffirmed its willingness to take part in promoting Africa's social and economic development and in helping African nations overcome the problems of foreign debt, trade deficits and the outflow of hard currency.

Addressing the 24th annual assembly of the African Development Bank (ADB) yesterday, Che Peiqin, member of the policy-making council of the People's Bank of China, said China is ready to carry out economic and technological cooperation with African countries, the ADB and the non-African members of ADB.

Che, who is also the interim assistant governor of ADB, said that while African countries are making efforts to adjust their economic structure, "a favorable exterior environment is also indispensable for the improvement of economic conditions in Africa."

In improving Africa's economic situation, "the international community, and the developed countries in particular, have a responsibility which they can not shy away from," he said.

He added that China hopes "the developed countries will seriously take into consideration the reasonable propositions of African countries, such as the increase of aid, the reasonable solution for the debt problem, improvement of trade terms, more investments and better conditions for loans."

He praised the ADB for playing an important role in readjusting Africa's economy and promoting social development in Africa, and wished the bank new success in the current year.

NPC Vice Chairman Meets Togo Officials
OW0406063888 Beijing XINHUA in English
1124 GMT 3 Jun 88

[Text] Beijing, June 3 (XINHUA)—Wang Hanbin, vice chairman of the Chinese National People's Congress Standing Committee, met Messanyi Kekeh, secretary general of the Ministry of Foreign Affairs and Cooperation of Togo, and his party here today.

Wang said that China and Togo, both developing countries, have much in common and have broad prospects for promoting bilateral friendly relations.

Kekeh said that the two countries respect each other and share a common desire for expanding their relations of friendly cooperation.

The visitors are here as guests of the Chinese Foreign Ministry.

Joint Venture Sugar Factory in Togo Successful
HK0306142888 Beijing CEI Database in English
3 Jun 88

[China Economic Information (CEI) Database]

[Text] Guangzhou (CEI)—Guangdong general agricultural reclamation bureau and Yuexi agricultural reclamation bureau in guangdong province have contracted a sugar factory in the Republic of Togo with success.

The daily sugar cane pressing amount, the sugar producing rate and the volume of sugar output have all set historical records in the first sugar cane pressing season (1987—1988).

The average sugar producing rate has increased to 6.8 percent from 4.8 percent in the last sugar cane pressing season, and overfulfilled the volume of sugar output set in the contract by 20 percent.

At the same time, the quality of the sugar and alcohol has distinctly improved, and the alcohol has entered the world market.

The president of Togo Gnassingbe Eyadema has sent a personal message to the Chinese general manager of the contracted company, Long Shengui, praising the success of the management.

Last July, the Yuexi agricultural reclamation bureau sent some managing staff and technicians to Togo. They set up a Sino-Togo limited company and contracted a sugar factory there. The contracted business include management of a sugar cane plantation and a sugar mill. The main products are sugar and alcohol.

Ghana's Chambas Commends Sino-Ghanaian Relations
OW0406085688 Beijing XINHUA in English
2336 GMT 3 Jun 88

[Text] Accra, June 3 (XINHUA)—Acting Ghanaian Secretary for Foreign Affairs Mohammed ibn Chambas commended today the long-standing relations of confidence and friendship between China and Ghana.

Receiving in his office a 3-man group of journalists from Radio Beijing, which is currently on a 8-day visit to Ghana, the acting secretary said that Ghana and China have enjoyed long-standing relations of confidence and friendship and the two countries have great potential for further development of their relations.

Dr. Chambas said that both Ghana and China advocate peace and security in the world, and share common perspective on many international issues.

Referring to the economic cooperation between the two countries, the acting secretary said that there is a great potential in this field, adding that the joint commission of the two countries will contribute much to creating a fruitful and mutual beneficial economic relations between them.

Dr. Chambas also stressed the importance of unity and cooperation among African countries, saying that the unity and solidarity are indispensable to tackling the continent's economic problems.

He expressed support for the convention of an international conference to deal with Africa's external debt crisis.

The Chinese journalist delegation arrived here last Monday.

Ghana's Obeng Meets Visiting PRC Journalists
OW0706062188 Beijing XINHUA in English
2355 GMT 6 Jun 88

[Text] Accra, June 6 (XINHUA)—A Ghanaian leader said here today that African countries should continue to unite together to resolve their problems and enhance the continent development at a higher level.

This was said by Mr. P.V. Obeng, member of the ruling Provisional National Defence Council and chairman of the Committee of Secretaries, when he received the visiting Chinese journalists group from Radio Beijing in his office here this afternoon.

Mr. Obeng praised the contributions made by the Organization of African Unity (OAU) in seeking unity among African countries in terms of culture, social relations and ideological commitment and values.

He urged some African countries to resort to peaceful means to resolve their border conflicts with neighbouring countries.

Mr. Obeng briefed the Chinese journalists on Ghana's economic recovery programme launched in 1983, and the structural adjustment programme started last year, saying that remarkable economic achievements have been made since the country started to implement the economic recovery programme in 1983.

Referring to Sino-Ghanaian relations, Mr. Obeng said that he is very satisfied with the development of bilateral relations between the two countries and expressed the hope that the cooperation between them will be expanded in all sectors.

The 3-man Chinese journalist group arrived here on May 30 and will leave tomorrow for Lagos, Nigeria, to continue their West African tour. During their stay here, the Chinese journalists called on some Ghanaian Government officials, met with colleagues in press circles and visited some factories and a diamond mine.

Qiao Shi Meets Tanzanian Party Leader Kawawa
OW0706042888 Beijing XINHUA in English
1011 GMT 6 Jun 88

[Text] Beijing, June 6 (XINHUA)—Qiao Shi, member of the Standing Committee of the Chinese Communist Party Central Committee, had an hour-long meeting with Rashidi Kawawa, general secretary of the Tanzanian Revolutionary Party (CCM) here this afternoon.

Kawawa, who arrived in Beijing earlier today after concluding a visit to Korea, is scheduled to leave for home tonight.

Qiao spoke highly of the long-standing cooperation between the Chinese Communist Party and CCM and between the two countries. He also praised CCM and the

Tanzanian Government for their efforts to develop the domestic economy, safeguard national independence, maintain African unity, and support the just struggle of the people in southern Africa.

Qiao briefed Kawawa on China's policy of reform and opening to the outside world.

Kawawa said that CCM wanted very much to further its cooperation with the Chinese Communist Party. He outlined the situation in Tanzania and in southern Africa.

CPC Delegation Ends Congo Visit
OW0706010688 Beijing XINHUA Domestic Service
in Chinese 0631 GMT 1 Jun 88

[Text] Brazzaville, 31 May (XINHUA)—A CPC delegation wound up its 1-week goodwill visit to Congo tonight. The delegation was led by Chen Huiguang, member of the CPC Central Committee and secretary of the Guangxi Zhuang Autonomous Regional CPC Committee.

During the visit, the CPC delegation held several talks with some responsible persons of the Central Committee of the Congolese Labor Party on the friendly and cooperative relations between the two parties. The two sides exchanged views and experiences on agricultural development in China and the Congo.

Camille Bangou, member of the Political Bureau and permanent secretary of the Secretariat of the Congolese Labor Party, received the CPC delegation on 30 May.

Condolences to Sierra Leone on Stevens' Death
OW0306064288 Beijing XINHUA in English
0641 GMT 2 Jun 88

[Text] Beijing, June 2 (XINHUA)—Qi Huaiyuan, Chinese vice-minister of foreign affairs, and Zhu Shao'ning, deputy head of the International Liaison Department of the CPC Central Committee, went to the Sierra Leonean Embassy in Beijing today to present their condolence on the death of Siaka Stevens, former president of Sierra Leone.

Stevens died of an illness Sunday in Freetown at the age of 83.

West Europe

Turkish Official Previews China Visit
OW0406201788 Beijing XINHUA in English
1733 GMT 4 Jun 88

[Text] Istanbul, June 4 (XINHUA)—Turkey is trying to increase its trade with China to more than 400 million U.S. dollars this year, Turkish Minister of State Adnan Kohveci said here today.

Adnan Kohveci, top aide and advisor to Turkish Premier Turgut Ozal, left here for China today to attend the 6th session of the Turkish-Chinese Joint Committee.

In a statement at the airport upon his departure, the minister said that the joint committee would set as its target to strike at a total of over 400 million dollars of trade in 1988 between the two countries through joint efforts to implement the protocol on economic cooperation signed last year.

With a view to promoting the Turkish-Chinese trade and economic relations, he said, the Turkish Government would encourage private companies and entrepreneurs to invest in China in the form of joint ventures. They would be also urged to invest jointly with the Chinese side in a third country, he added. [Words indistinct] that the Turkish Government would mainly invest in infrastructure projects.

The joint committee, he said, would discuss the means and ways to promote trade relations and cooperation between the two countries in the fields of industry, science and technology, agriculture, energy and communication.

Turkey and China have witnessed a rapid development in trade relations in the past few years. The bilateral trade, which had stood at some 20 million dollars or more before 1984, hiked to 200 million dollars in 1986 and 276 million dollars in 1987. Turkey imports Chinese oil, chemicals, machines and daily necessities, while exporting its steel, fertilizers and minerals to China.

Meets Zheng Tuobin

OW0706071188 Beijing XINHUA in English
1424 GMT 6 Jun 88

[Text] Beijing, June 6 (XINHUA)—China and Turkey will work hard to raise bilateral trade volume from last year's 200 million U.S. dollars to a record high of 300 million this year.

Zheng Tuobin, Chinese minister of foreign economic relations and trade, and Adnan Kohveci, Turkish minister of state, expressed this ambition here today.

At the sixth session of the Sino-Turkish Joint Committee on Economic Cooperation and Trade which opened here this morning, the two ministers held there exists great potentiality to increase trade and further economic, scientific, and technological cooperation between the two countries.

XINHUA learned that China mainly exports crude oil and coal to, and imports steel and chemical fertilizer from, Turkey.

Zheng gave a banquet in honor of Kohveci and his party, who arrived in Beijing yesterday for the current session.

New Textile Agreement Discussed With EEC

OW0706043688 Beijing XINHUA in English
2341 GMT 6 Jun 88

[Text] Brussels, June 6 (XINHUA)—Officials from China and the European Economic Community (EEC) have concluded their first round of talks on a new bilateral textile agreement, which hopefully will improve trade relations between the two sides.

Chinese officials, who took part in the negotiation, told reporters today that during the five-day talks beginning May 30, the two sides discussed the contents of the new agreement.

They said that the Chinese side requested that the EEC reduce its restrictions on China's textile and garment export to its member countries, which have slowed the increase of China's textile export to EEC countries.

The EEC officials, while expressing their willingness to consider the possibility to improve the conditions concerning the new agreement, stressed their difficulties in the textile and garment industries in the EEC countries, according to the Chinese officials.

However, they said that both sides held that they are able to confirm their improved understanding of each other's problems and to reach certain conclusions as to the broad lines along which progress towards acceptable solutions to these problems can be achieved.

They said that both sides also agreed to hold next round of talks as soon as possible.

The present China-EEC textile agreement, the second of its kind, went into effect from 1984 and is expected to expire by the end of this year. During this period, China's exports of textiles to EC countries have increased, but on a limited scale.

According to Chinese officials, statistics have shown that the present agreement is of mutual benefit, since China, while exporting mainly raw textile materials and small proportion of garments to EEC countries, has also imported textile materials from EEC.

The Chinese officials hope that the EEC will take into consideration the overall development of the bilateral trade relationship and try to work out a new and reasonable agreement with their Chinese counterpart soon.

Chen Muhua Meets Italian Merchant Navy Minister

OW0706103688 Beijing XINHUA in English
0604 GMT 7 Jun 88

[Text] Beijing, June 7 (XINHUA)—Chen Muhua, vice-chairman of the Standing Committee of the National People's Congress, met Giovanni Prandini, Italian minister of merchant navy, and his party here this morning.

As guests of Tianjin municipal people's government, Prandini and his party will attend the opening ceremony of the technical and commodities exhibition of Lombardia region, Italy, in Tianjin Wednesday and the signing of a protocol of friendly ties between Tianjin and Trieste Harbors Thursday.

The exhibition participated in by 150 Italian enterprises is said to be the biggest Italy has ever held in China.

At the meeting, Chen Muhua wished the exhibition success and extended congratulations on the conclusion of friendly ties between Tianjin and Trieste.

Noting that Tianjin and Lombardia region cemented friendship ties in 1985, she hoped that the coming exhibition will further the economic relations and trade between Tianjin and Lombardia region and between China and Italy as a whole.

Prandini said the speedy growth of cooperation between Lombardia region and Tianjin shows that the two sides share a common desire for cooperation. He said the Italian side is willing to help Italian firms develop trade with China, and his ministry will do its part in this respect.

Italian National Day Celebrated in Beijing
OW0406153388 Beijing XINHUA in English
1145 GMT 4 Jun 88

[Text] Beijing June 4 (XINHUA)—Italian Ambassador to China Alberto Solera and his wife held a reception in the embassy here this evening to observe the Italian National Day.

Chinese Minister of Public Health, Chen Minzhang, was present on the occasion.

FRG Technological Aid Plan Detailed
HK0306142688 Beijing CEI Database in English
3 Jun 88

[China Economic Information (CEI) Database]

[Text] Beijing (CEI)—The Federal Republic of Germany will provide China with a loan of 200 million Deutsche marks on favorable terms and a grant of 80 million Deutsche marks as technological cooperation fund.

The loan is twice that of last year's and will be used in building the Yangliuqing power station in Tianjin, upgrading heavy-duty trucks and in the Beijing Coal Gas Purifying Project as well as loan to the China Investment Bank.

The technological cooperation fund will be used mainly to finance professional training.

The Federal Republic of Germany has provided 15,000 tons of wheat last year as emergency aid for the victims of the Dahingganling forest fire in north China and the drought victims in Shandong Province.

Trade Union Delegation Arrives in Bonn
OW0306082788 Beijing XINHUA in English
0649 GMT 2 Jun 88

[Text] Bonn, June 1 (XINHUA)—A Chinese trade union delegation arrived here today for a one-week visit to Federal Germany at the invitation of the Federation of German Trade Unions.

The group, headed by Ni Zhifu, president of the All-China Federation of Trade Unions, held talks with Ernst Breit, chairman of the Federation of German Trade Unions and exchanged views on further development and cooperation between the two countries' trade unions.

The Chinese delegation came to Federal Germany after a tour to Democratic Germany, Poland, Hungary and the Netherlands.

Qian Yongchang Celebrates Swedish National Day
OW0706033288 Beijing XINHUA in English
1107 GMT 6 Jun 88

[Text] Beijing, June 6 (XINHUA)—Swedish Ambassador to China Lars Bergquist and his wife held a reception this evening at the residence here to observe the Swedish National Day.

Chinese Minister of Communications Qian Yongchang was present on the occasion.

XINHUA Views Reagan-Thatcher Joint-Summit Talks
OW0606020288 Beijing XINHUA in English
1448 GMT 5 Jun 88

["Roundup: After Reagan's Visit (by Xue Yongxing)"]—XINHUA headline]

[Text] London, June 5 (XINHUA)—Will British Prime Minister Margaret Thatcher assume the leadership or take a leading role in the Western alliance in future dealings with the Soviet Union after U.S. President Ronald Reagan steps down next January?

This is a question left behind by Reagan's two-day visit to Britain last week on his way back to Washington following his fourth summit with Soviet leader Mikhail Gorbachev in Moscow.

During his 24-hour stay, the U.S. president gave a full account of the Moscow summit to Mrs. Thatcher, who was the first West European leader to be briefed by the president

in person. In what was believed to be another unprecedented gesture, Reagan invited the British prime minister, his "staunch and closest ally," to visit Washington in November, shortly after his successor is elected.

On her part, Mrs. Thatcher praised Reagan for his handling of the "very successful" Moscow summit, particularly his decision not to rush into a strategic arms reduction treaty and his firm stand on human rights. Reagan, she said, would be remembered as one of the greatest presidents in American history.

In a major speech delivered at London's Guildhall last Friday, President Reagan paid glowing tribute to Mrs. Thatcher, pointing out that she was one of the first to suggest that the West could "do business" with Gorbachev. "At this hour in history, prime minister, the entire world salutes you and your gallant people and gallant nation," he said.

Reagan's decision on coming to London directly after the Moscow summit was seen in Whitehall as a deliberate gesture to underline the continuing strength of the Anglo-U.S. relationship. His visit was also designed to thank Mrs Thatcher for her support during eight years of his presidency.

With the leaders' generous exchange of compliments and the warmth and sentimental feelings brought about by the Reagan visit, some British newspapers hailed the "stronger than ever" special ties between Britain and the United States. They suggested that Reagan's unprecedented invitation to Mrs Thatcher to visit Washington after the November 8 presidential election was a sign that Reagan wishes her to carry his baton into the future.

"Reagan hands Thatcher key alliance role," a frontpage headline ran on June 3.

However, this "disposition" was disputed by the London TIMES the following day in an editorial entitled "Across the Atlantic."

Commenting on Reagan's assertion that the old special Anglo-American relationship is now stronger than ever, the editorial said: "This is probably the reality so far as the two present leaders and administrations are concerned. But it would be a mistake to assume that this necessarily guarantees the future."

"Influential though Mrs Thatcher's voice and experience are in the Western alliance, the relative power of leaders depends on the relative power of their nations," it pointed out.

Another quality newspaper, the INDEPENDENT, agreed that it is "going too far to suggest that when Mr Reagan steps down in January, Mrs Thatcher will assume the leadership of the Western alliance."

"However great the decline in America's relative economic power, and however unassertive or inexperienced the new president may be, the United States ... will remain the unchallenged leader of the alliance," the newspaper added.

Instead, the INDEPENDENT urged the British prime minister to place "much greater importance" on Britain's role within the European Community.

"If Mrs Thatcher is serious about British power, it is high time she became serious about Europe," it pointed out.

Joining in the debate, Labour leader Neil Kinnock said that Reagan's tribute to Mrs Thatcher was a way of thanking her for her support of U.S. policy and it was overstating things for one to suggest that a baton is being handed over.

Lord Carrington, former British foreign secretary and current NATO secretary-general, also dismissed the suggestion that Mrs Thatcher would take up the reins of Western leadership in the gap leading up to the election next November. He denied that such a gap existed.

But, he emphasized, "I have no doubt that the prime minister, as she usually does, will have a great part to play in East-West relations and in the alliance as a whole."

With Mrs Thatcher expressing the hope that Gorbachev would visit Britain in the spring or summer of next year soon after Reagan's departure, there seems no doubt that the British prime minister will continue to play her "unique role" in U.S.-Soviet dialogues and in East-West relations.

East Europe

Poland's Messner Continues Official Visit

Meets Li Peng

LD0606130888 Warsaw PAP in English 1200 GMT
6 Jun 88

[Text] Beijing, June 6—PUWP [Polish United Workers Party] CC [Central Committee] Political Bureau member, Poland's Premier Zbigniew Messner was greeted here today at an official ceremony held at the city's central square Tiananmen in front of the building of the National People's Congress.

Member of the Standing Committee of the Political Bureau of the Chinese Communist Party CC, Premier of the China's State Council Li Peng greeted the Polish guest and his wife and then introduced China's officials taking part in the bilateral talks. Subsequently, Premier Messner introduced members of the Polish delegation.

A 19-gun salute followed.

Immediately after the ceremony, the two premiers accompanied by members of the delegations went into the building of the National People's Congress for Polish-Chinese plenary talks. While opening the talks, Premier Li Peng said that the arrival of Premier Messner confirmed good relations between China and Poland and stressed that after the exchange of visits by Wojciech Jaruzelski in 1986 to Beijing and Zhao Ziyang to Warsaw in 1987, the relations of friendship and cooperation developed and consolidated.

Li Peng expressed deep conviction that the present visit by Premier Messner would considerably contribute to the strengthening of these relations. The head of the Chinese Government added that he was ready to discuss with utmost frankness all topics interesting for the two sides, both those concerning the international situation and bilateral relations.

The talks passed in a very friendly and at the same time concrete atmosphere. The fact that the talks lasted much longer than it was planned, a rare phenomenon in Chinese diplomacy, testifies to the range of topics discussed.

Premier Messner presented Poland's stand on problems of the international situation, bilateral relations and on the process of reforms and renewal. As for international issues, Messner focused on European problems, as well as on problems of Asia and other regions of the world. He stressed the considerable strengthening of cooperation between Poland and China as a result of arrangements arrived at during the exchange of visits of Wojciech Jaruzelski and Zhao Ziyang.

The head of the Polish Government also underlined that after a record high turnover in 1986 whose value reached 1.7 billion Swiss francs, the following year saw a downfall. In this connection the premier stressed the need for the development of new forms of economic cooperation such as direct cooperation of enterprises and scientific institutions, and establishment of joint ventures.

Messner spoke of the importance of top-level meetings, the resumption of interparty contacts in view of both parties' initiating role in the process of reforms and renewal as well as contacts between parliaments and social, cultural and scientific organization. Messner invited Li Peng to pay a visit to Poland. The invitation was accepted with satisfaction.

The head of Chinese Government said that views of both countries on many problems were identical or convergent though differences existed in approach to some issues. He said that China welcomed with satisfaction the Soviet-American treaty on the elimination of medium and shorter-range missiles and would also welcome a strategic arms reduction treaty but believed that in view of the existence of a considerable potential of destruction and the danger of the arms race spreading into outer space it was necessary to show vigilance.

He said that China developed relations with the countries of Eastern Europe and wanted good relations with the Soviet Union. He also assessed positively the process of reforms realized in that country. He expressed satisfaction over the four-nation agreement on Afghanistan and pointed to the need of a peaceful settlement of Kampuchea's problem.

In the afternoon, Premier Messner and other members of the Polish delegation laid a wreath at the monument to people's heroes here, and shortly after the ceremony the Polish premier was received by chief Chinese state leader, Chairman of the People's Republic of China Yang Shangkun.

Meets Yang Shangkun

OW0606165088 Beijing XINHUA in Chinese
1043 GMT 6 Jun 88

[Text] Beijing, June 6 (XINHUA)—Chinese President Yang Shangkun and Polish Government head Zbigniew Messner agreed during their meeting here today that China and Poland can learn from each other's experience in their reforms.

Yang said that he was pleased to meet Messner, who is the first government head from an East European socialist country to visit China since Yang became China's president this spring.

He noted that China and Poland, which have no conflict of fundamental interests or other problems between them, have maintained sound relations.

"We share many common points in building socialism and safeguarding world peace. China and Poland can further their cooperation in many fields and swap experiences of reforms," he added.

On China's internal situation, Yang said China is at a critical stage of its reforms. Problems arising from the reform are now being studied.

"We believe we can overcome the problems if we maintain correct policies and take right measures."

"In our reforms, we have to go forward not backward since going backward means the waste of all the efforts we have already made," he added.

Yang also paid tribute to the reforms carried out in Poland over the past few years.

"The Polish comrades have overcome many difficulties to deepen their reform. It is precisely in this light that we welcome the visit of our comrades from Poland" he said.

Zbigniew Messner, chairman of the Council of the Ministers of Poland, conveyed greetings from Wojciech Jaruzelski, Polish president of the Council of State, to Yang and thanked him for his tribute paid to the reforms in Poland.

He stressed that Poland shares almost identical views with China on the recent development of the international situation, adding that cooperation between the two countries is lively and fruitful in various fields.

On the current Polish reforms, he said his country is closely following China's progress in its reforms. Poland can learn a lot from China's experience in its reforms.

Li Peng Hosts Banquet

OW0606162488 Beijing XINHUA in English
1455 GMT 6 Jun 88

[Text] Beijing, June 6 (XINHUA)—While East-West relations have improved in recent years, consistent efforts by people everywhere are needed to achieve a real relaxation in world tensions, Chinese Premier Li Peng said.

Li made the comment in a speech at a banquet tonight in honor of Zbigniew Messner, chairman of the Polish Council of Ministers, and his party who are visiting China.

Li expressed satisfaction with the development of Sino-Polish relations and said the two countries, both socialist, should further their friendly cooperation.

He said that although China and Poland have different conditions, both are working for world peace.

China understands Poland's concern for peace and security of Europe and appreciates its efforts to ease tensions there, Li said.

Poland has proposed an arms reduction in Central Europe.

Li praised Poland for its pioneering spirit in socialist construction and reform.

Messner paid tribute to the rapid growth of cooperation with China in various fields and noted especially the smooth development of the relationship between the Polish United Workers' Party and the Chinese Communist Party.

He said there is much room for more cooperation in economy, trade, science, technology, culture and sports. They would help develop bilateral relations both in quality and quantity.

He noted both countries were carrying out economic and social reforms and said the exchange of each other's experiences would be beneficial to both sides.

"The reform in Poland aims at getting closer to a rich socialism," he said. "We are pleased to note this view conforms with what Chinese leaders have said."

'Pleased' With Relations

OW0606232588 Beijing XINHUA Domestic Service
in Chinese 1316 GMT 6 Jun 88

[Text] Beijing, 6 Jun (XINHUA)—Li Peng, member of the Standing Committee of the Political Bureau of the CPC Central Committee and premier of the Chinese State Council, hosted a banquet this evening in honor of Zbigniew Messner, member of the Politburo of the Polish United Workers' Party and chairman of the Council of Ministers. Speaking at the banquet, Li Peng said: Messner's visit, another visit by a top-level Polish leader following the exchange of visits between Comrade Jaruzelski and Comrade Zhao Ziyang, "is a milestone in Sino-Polish relations."

Li Peng said: The peoples of China and Poland, both socialist countries, have similar experiences and a common goal. To develop Sino-Polish friendship and cooperation in a sustained, stable, and deepgoing manner in all fields conforms with the vital interests of the two peoples.

He said: In recent years, party and government leaders from China and Poland have regularly held high-level contacts to discuss and exchange experiences in socialist construction and economic and political reforms. He said he was pleased and satisfied with the level and results achieved in bilateral relations.

Turning to international affairs, the Chinese premier said: Positive signs have appeared in the international situation in recent years. East-West relations have somewhat relaxed and improved. He said: "We have consistently maintained that constant efforts by people everywhere are needed to achieve real relaxation in world tensions." He reiterated that "China pursues an independent foreign policy of peace, and is willing to develop friendly and cooperative relations with all countries, based on the five principles of peaceful coexistence so as to promote common economic prosperity and safeguard world peace, thereby creating a long-term stable and peaceful international environment for China's socialist modernization drive."

Li Peng said: Although China and Poland have different conditions, both are working for world peace. China understands Poland's concern for peace and security of Europe and appreciates its efforts to ease tensions there.

Li Peng praised the Polish people's courage in exploring ways and means for socialist construction and reform, and wished them greater successes in second-stage reform.

In his speech, Messner spoke highly of the rapid growth of fruitful cooperation with China in various fields. He said: Bilateral relations have been substantiated by regular contacts, political dialogue, and implementation of high-level decisions. He believed that this is in line with the interests of the two peoples.

He said: The smooth development of cooperation between the Polish United Workers Party and the CPC indicates the direction of their common activities.

He said: There is great potential for further cooperation in economy, trade, science, technology, culture, and sports. This would help develop bilateral relations, both in quality and quantity.

The Polish premier said: Both Poland and China are carrying out bold economic and social reforms, and the exchange of each other's experiences will be beneficial to both sides.

He said: Poland's "social, economic, and political reforms are aimed at getting closer to a rich socialism, while departing from the formula of egalitarian poverty." He said: "We are pleased to note that this view conforms with what Chinese leaders have said."

On the international situation, Messner said: Poland has made its share of contributions to bringing about positive changes in current international relations, and it has put forth a proposal for arms reduction and increased trust in Central Europe, that is, the Jaruzelski Plan.

He said: "Poland firmly stands for peaceful coexistence and goodneighborliness among all countries and people regardless of different social systems. We especially call for peaceful settlement of all regional conflicts and confrontation spots through negotiations and without the use of force or threat to use force by all parties concerned."

Zhu Lin, wife of premier Li Peng, attended the banquet.

Also attending the banquet were Li Tieying, state councillor, Zhou Peiyuan, vice chairman of the CPPCC National Committee and president of the China-Poland Friendship Association, and Huang Yicheng, minister of energy resources.

Before the banquet, Li Peng granted an interview with the Polish newspaper "REPUBLIKA."

Toast by Li Peng

LD0606214788 Warsaw PAP in English 1648 GMT
6 Jun 88

[Why [Li] Peng's Toast at Dinner Given in Honour of Premier Messner (Abridged)? —PAP headline]

[Text] Beijing, June 6—At present the Polish nation, guided by the PUWP [Polish United Workers Party] with leader Comrade Jaruzelski, is overcoming temporary difficulties in its march forward and implementing the reform of the economic system and political structures in tune with the conditions of its country.

We voice our admiration for and appreciation of your spirit of daring search demonstrated in the process of reforms and the construction of socialism, and we wholeheartedly wish you new and ever greater achievements in the second stage of the reform, in further stabilisation of the situation, in the development of the economy and in raising the nation's welfare to a higher level.

Stimulated by the policy of reforms and openness to the world, China's economy has been constantly developing in recent years while the country's image has been deeply changed.

Treating the reform as leading in the whole of issues, the entire party and our entire nation are determined to make all efforts to contribute to the construction of socialism the Chinese way and to the transformation of our country into a rich and strong, democratic, cultural and modern socialist state.

China and Poland are socialist countries. Our nations have a similar past and a common goal. The all-round, constant, stable and profound expansion of relations of friendship and cooperation between China and Poland meets the essential interest of the two countries' nations. Recent years saw frequent contacts between party and state leaders of China and Poland. Analysed and exchanged were experiences in the socialist construction and the implementation of reforms of the economic system and political structures. Visible progress was also noted in our economic, commercial, scientific, technological, cultural and sport and other relations.

We are very glad to see the level of and results we have achieved in our bilateral relations, and we are satisfied over this.

Some positive changes have taken place in the world recently which have led to a certain state of detente in international relations. Some improvement has been recorded in relations between East and west. However, we have always been of the opinion that to achieve real detente in the international situation it will be necessary for all countries to make indefatigable efforts.

China pursues an independent and peaceful foreign policy and wants to develop relations of friendship and cooperation with all countries, based on five principles of peaceful co-existence and aimed at stimulating common economic prosperity and maintenance of peace all over the world. It is in this way that China wants to shape long-term, stable and peaceful international surroundings, necessary for our country's modern socialist construction.

Messner Toast at Banquet

LD0606213188 Warsaw PAP in English
1528 GMT 6 Jun 88

["Messner's Toast at Dinner Given by Premier Li Peng (Abridged)" —PAP headline]

[Text] Beijing, June 6—We highly evaluate the dynamic and fruitful development of Polish-Chinese cooperation in many fields. Frequent contacts, political dialogue,

realization of decisions made at the highest level fill our relations with concrete contents. We are convinced that they serve well the interests of both nations, tasks of the socialist construction in the two states, the cause of peace and progress the world over.

Favourably developing cooperation between the Polish United Workers' Party and the Chinese Communist Party outlines directions of our concerted activities.

Economic cooperation and trade constitute the material basis of our relations. Cooperation in science, technology, culture and sports is also a significant element.

All these domains contain still unused potential that could contribute to the quantitative and qualitative development of our relations. One can cite here many examples such as the exchange of services in modernization investments to which both states do attach great importance or the formation of joint ventures.

Intensification of cooperation would contribute to the faster and fuller satisfying of the growing needs of our societies. It would meet half-way expectations and aspirations of our nations.

Both in Poland and in China, we implement bold economic and social reforms. Other socialist states have also entered this road.

We consider the mutual exchange of experiences and information on the character and directions of these transformations as extremely useful.

Our aim is to transform the socio-economic and political life so that we could get closer to the socialism of abundance and distance from a model based on an equal division of poverty.

We note with satisfaction the convergence between this approach and the theses of the leaders of People's China.

We are implementing the line of reforms and national agreement in a complex situation, amidst the growing internal and external difficulties and many set-backs leading to various disproportions and signs of imbalance.

Despite all this, we are not leaving the chosen road and we consistently move forward. There is and will be no departure from this direction.

That is why we have welcomed with profound satisfaction and hope the heralds of favourable changes in the international situation which continues to be so complicated. Among them, one should mention the INF treaty, which provides the first concrete step towards real disarmament, and the outcome of the Moscow meeting of

the leaders of the USSR and the United States the announcement of the 50-percent reduction of strategic nuclear weapons by those states fills us with the well-founded optimism.

Poland invariably comes out in favour of peace coexistence of states irrespectively of their different political systems, and of good-neighbourly relations among all states and nations. [sentence as received] Particularly we are coming out in favour of peace settlements of regional conflicts and local hotbeds of confrontations on the road of negotiations with participation of all sides concerned without using force and violence.

Meets Deng Xiaoping

OW0706063288 Beijing XINHUA in English
0606 GMT 7 Jun 88

[Text] Beijing, June 7 (XINHUA)—Chinese leader Deng Xiaoping stressed here today that Sino-Polish political cooperation has a sound foundation.

Relations between the Chinese Communist Party (CPC) and the Polish United Workers Party (PUWP) and between the two countries have a long history and the growth of such relations has a historical basis, he said.

Deng, chairman of the Central Military Commission, made these remarks at a meeting with Zbigniew Messner, member of the Political Bureau of the PUWP Central Committee and chairman of the Council of Ministers of Poland, and his party here today.

"The Chinese party and people understand and are concerned about Poland. I believe Poland also understands China. This is precisely the sound foundation for our two countries' political cooperation," he said.

Both Poland and China are carrying out reforms and have met certain problems, Deng said, and they can exchange experience. "However, the problems must be solved in the light of their own countries' conditions and by thinking independently. Since conditions differ and problems vary, solutions to problems cannot be copied mechanically," he added.

Deng told the Polish visitors that China is deepening its reform in a comprehensive way to lay a foundation for future development and even in the next century.

He said he always reminds other Chinese comrades of two points: first, be bold and take reliable and safe steps in reform, and sum up experience and correct what is undesirable promptly; second, maintain a sound development in production.

So long as production registers fairly big growth, there will be much less risks for reform, he said, adding, "I believe China's reform is full of hope."

Deng asked Messner to convey his warm regards to Polish leader Jaruzelski. Messner also conveyed Jaruzelski's warm regards to Deng.

Messner said Jaruzelski highly values the meeting he had with Deng one year ago and hopes to meet again.

Messner said the Polish party and people respect Deng very much. Poland is translating and compiling the "Selected Works of Deng Xiaoping" and it will soon come off the press. "The Polish people highly appreciate this book," he added.

He said Poland attaches great importance to Polish-Chinese friendship and to China's experience in various fields. He said Deng's talk today is of great importance to Poland's reform efforts.

Talks With Zhao Ziyang

*OW0706110588 Beijing XINHUA Domestic Service
in Chinese 0708 GMT 7 Jun 88*

["China's Political Structural Reform Needs Steady Development, Zhao Ziyang"—XINHUA headline]

[Text] Beijing, June 7 (XINHUA)—China's reform of its political structure needs a steady development, meanwhile a political situation of stability and unity must be guaranteed, said Chinese party leader Zhao Ziyang here today.

"That is because China is a big country and is also backward in economy and culture," Zhao Ziyang, general secretary of the Chinese Communist Party (CPC) Central Committee, told the visiting Zbigniew Messner, Political Bureau member of the Central Committee of the Polish United Workers Party and chairman of the Council of Ministers of Poland.

Zhao said that in the past few years China's reform of economic set-up has achieved some conspicuous results, while its economy has developed rapidly and its economic efficiency has been better. It is estimated that such a trend of development will continue.

However, Zhao said, some problems and difficulties have cropped up because of the coexistence of both the new and the old systems, adding that the reform is at its critical point.

He said, "We are now engaged in solving the problems of price and wage, which is a major difficulty in our reforms, as well as some problems of assuming sole responsibility for profits and losses of the enterprises."

"If these problems are solved, the new economic system may be set up all over the country," Zhao said.

Zhao stressed that reform is the general trend for the socialist countries. Difficulties or risks can hardly change this trend. The way out for solving some difficulties and problems encountered lies in deepening the reforms, he said.

He said China deeply esteems Poland for its firm determination, its bravery in exploration and realistic spirit in solving problems properly in its reforms. He wished the two countries would strengthen their exchange of experience in future.

Zbigniew Messner spoke highly of the satisfying development of the relations between the two parties and two countries of Poland and China. He said in his current visit to China, the two sides have explored new channels for cooperation. He believed that the Poland-China relations would further develop in depth.

He briefed Zhao Ziyang on reforms in Poland. He noted that the Chinese Communist Party has accumulated experience in building socialism and carrying out reforms in depth in a big country in accordance with its national conditions. Many of these experiences can be drawn by Poland which is deepening its reforms, he said.

Zhao Ziyang met Messner in Warsaw in June a year ago when he was visiting Poland. They were pleased to meet again here today in Beijing.

Zhao said he was pleased to see great development has taken place in various fields in the relations between the two parties and two countries of China and Poland. China treasures greatly this daily-growing fine relations, he added.

Zbigniew Messner conveyed the regards to Zhao Ziyang of Wojciech Jaruzelski, first secretary of the United Workers Party of Poland and president of the Polish Council of State.

S&T Cooperation Pact Signed

*OW0706101688 Beijing XINHUA in English
0948 GMT 7 Jun 88*

[Text] Beijing, June 7 (XINHUA)—A program for the development of long-term economic, scientific and technological cooperation between China and Poland was signed by Chinese Premier Li Peng and Polish Chairman of the Council of Ministers Zbigniew Messner here today.

Also signed today between the two governments were three agreements: on mutual encouragement and protection of investment, on avoidance of double taxation on incomes and prevention of tax evasion, and on mutual exemption of visas for travels on official business.

Messner, who is also member of the Political Bureau of the Central Committee of the Polish United Workers Party, his wife and other Polish visitors accompanying them left here by charter plane this afternoon for Nanjing, capital of eastern China's Jiangsu Province.

Li, also member of the Standing Committee of the Political Bureau of the Chinese Communist Party Central Committee, bid the visitors farewell at the Diaoyutai Guesthouse.

Huang Yicheng, Chinese minister of energy resources, is accompanying the Polish visitors on the tour.

Messner News Conference
OW0706122988 Beijing XINHUA in English
1146 GMT 7 Jun 88

[Text] Beijing, June 7 (XINHUA)—Talks and meetings with Chinese top leaders have made a deep impression on him, said Zbigniew Messner, the visiting chairman of the Council of Ministers of Poland at today's press conference in Beijing.

Messner, who is also a member of the Political Bureau of the Central Committee of the Polish United Workers' Party, said this is his first visit to China. He keenly felt the Chinese leaders' friendly feelings to Poland and the Polish United Workers' Party. He also saw the Chinese people's desire to carry out reforms.

He said in his meetings with Chinese top leaders they talked about the necessities and possibilities for the further development of the relations between the two countries and parties.

Speaking of the fresh achievements made in Sino-Polish friendly cooperation, Messner said there exist possibilities for new forms of cooperation, such as, the establishment of joint ventures.

He said these joint ventures should not only provide conditions for exchanges of technology between two countries, but also serve as important partners in the world markets.

Messner took the Chinese-Polish joint stock shipping company established in 1951 as a model. He said the similar companies can be formed in other fields, thus the economic potentialities in Poland and China can be fully utilized.

Asked what kind of joint ventures will be formed between China and Poland, Messner said, the general principles in this respect and some specific fields have been discussed with the Chinese leaders. For example, he added, the exploration and processing of marble, granite and copper.

Messner also spoke of some measures the Polish Government has taken to solve price problems. He said, the price reform is aimed at reducing the state subsidies to many products, which in turn, needs to raise prices.

He said prices for foods and some industrial products have been raised in Poland this year, which would lead to the increase of the living cost of the people, including the charges for electricity and heating.

Messner said, in order to reduce people's burden, the Polish Government has supplied subsidies to the salaries with the state allocations, at the same time, created conditions for enterprises to offer subsidies as part of the salaries to their own employers.

Messner said people will not like price rising, so they should be informed of the prospect and aim of doing so.

He said compared with 1981 when the reform began in Poland, the majority of today's Polish people showed an understanding of the present situation.

When a Polish reporter asked what experiences Poland can draw from the China's present reform, Messner said, similarities as well as differences exist between the reforms of the two countries.

In China, he said, to establish special economic zones is part of China's reform. Poland, due to its limitation of territory, cannot set out such large areas, but Poland will establish some free districts and free ports. Therefore, he added, the Chinese experiences are valuable to his country.

Yugoslav President Receives Li Ximing
OW0406151188 Beijing XINHUA Domestic Service
in Chinese 0058 GMT 2 Jun 88

[By reporter Xia Shihua]

[Text] Belgrade, 1 Jun (XINHUA)—LCY [League of Communists of Yugoslavia] President Branko Kronic today received Li Ximing, member of the Political Bureau of the CPC Central Committee, who was visiting Yugoslavia. The president had a cordial and friendly conversation with him.

Kronic told Li Ximing that the LCY attaches great importance to friendship and cooperation with the CPC and to Chinese Communists' contributions to the development of socialist ideology. He expressed satisfaction with increased cooperation between the two parties in recent years. He once again invited General Secretary Zhao Ziyang to visit Yugoslavia at an appropriate time.

Kronic briefed Li Ximing on the LCY conference of delegates, which had just closed. He said: The conference is generally considered a great success. This is because it set forth the guideline for reforming the economic and political structure and the LCY itself and demonstrated a strong determination of reform.

Li Ximing told Kronic that it is the established policy of the CPC Central Committee to develop friendship and cooperation with the LCY in an all-around, thorough way and on a long term basis. He said that his cordial conversations with Yugoslav comrades have increased mutual understanding and friendship and that the visit was very successful.

The CPC delegation led by Li Ximing arrived in Yugoslavia on 27 May for a friendly visit. The delegation will leave Yugoslavia tomorrow.

Li Tieying Meets Czechoslovak Economists
OW0506115088 Beijing XINHUA in English
0802 GMT 4 Jun 88

[Text] Beijing, June 4 (XINHUA)—Li Tieying, Chinese state councillor and minister in charge of the State Education Commission, met here today a Czechoslovak economists delegation and briefed them on China's economic reform.

The delegation, led by Frantisek Valenta, vice president of the Czechoslovak Academy of Sciences and head of the academy's economics institute, arrived in Beijing yesterday at the invitation of the China Institute of Contemporary International relations. They will also tour Shanghai, Chengdu and Chongqing.

Scientific Agreement Signed With Czechoslovakia
OW0306090588 Beijing XINHUA in English
0812 GMT 2 Jun 88

[Text] Beijing, June 2 (XINHUA)—Zhou Guangzhao, president of the Chinese Academy of Sciences and Josef Riman, president of the Czechoslovak Academy of Sciences, signed a scientific exchange and cooperation agreement (1989-1998) with a detailed plan for the first three years, here today.

According to the agreement, the two sides will send their scientists to the other country for work and joint research.

Latin America & Caribbean

Liao Hansheng Meets Guatemalan Parliamentarian
OW0706013388 Beijing XINHUA in English
0804 GMT 6 Jun 88

[Text] Beijing, June 6 (XINHUA)—Liao Hansheng, vice chairman of the Standing Committee of China's National People's Congress (NPC), met with here today Edmond Mulet, member of the Foreign Affairs Committee of the Constituent Assembly of Guatemala, and his wife.

The Mulets arrived in Beijing yesterday at the invitation of the NPC Foreign Affairs Committee.

Brazilian Army Minister To Visit 8 June
OW0406071088 Beijing XINHUA in English
0124 GMT 4 Jun 88

[Text] Rio de Janeiro, June 3 (XINHUA)—Brazilian Minister of the Army, General Pires Goncalves Leonidas, will visit China on June 8 at the invitation of the Chinese Government, local reports said today.

This will be the first time that a military minister from Brazil visits China since the foundation of the People's Republic of China in 1949, the report said.

During his visit, General Leonidas will meet the principal military authorities of China, and will visit important military bases.

A high-ranking officer of the Brazilian Army's military equipment department said that the trip will contribute to an effective exchange on technical and professional levels, and will serve to open trade in military weapons between the two nations.

Posters Attack Deng Family, Li Peng
*HK0706104888 Hong Kong AFP in English 1022 GMT
7 Jun 88*

[Text] Beijing, June 7 (AFP)—Politics eclipsed fury over a student's murder Tuesday as posters at Beijing University attacked senior leader Deng Xiaoping's family and called for a mass demonstration in support of human rights in China.

Large-character "dazibaos," read by hundreds of students, described other Chinese leaders such as Premier Li Peng as "good for nothing" and frankly demanded a change in government to produce a "bourgeois democracy."

"We prefer a 'hypocritical bourgeois democracy' to an 'advanced socialist democracy.' Give us more democracy, more freedom. Suppress corrupt cadres," read one poster.

"Waves support a boat, but they can also overturn it," the poster added, suggesting that the Chinese people could one day overthrow the Communist government.

Several posters urged students to boycott classes and converge individually on Tiananmen Square in central Beijing on Wednesday to demonstrate for human rights and against corruption.

Tuesday's posters were the most radical since December 1986, when tens of thousands of students held demonstrations nationwide for greater freedom of expression and democracy, analysts said.

The latest posters were triggered by a spontaneous march late Thursday by 2,000 students to Tiananmen Square to protest the fatal beating the night before of student Cai Qingfeng, 22.

Six suspects have since been arrested in the case, police have said.

One of the posters at Beijing went so far as to criticize Deng Pufang, the eldest son of China's paramount leader.

"With one word Deng Pufang can have 250 railroad coaches at his disposal for his own needs, while the transport situation in China is very difficult," the poster said. "Nobody dares oppose his desires."

Mr Deng Pufang, paralysed since Red Guards hurled him out a window during the Cultural Revolution, heads an overseas trading company. Its profits are earmarked to help China's physically disabled.

The poster also lashed out at Mr Deng Xiaoping's daughter, an artist: "Deng Lin makes a very ugly painting but sells it for 600,000 Hong Kong dollars (77,000 dollars) in Hong Kong. Nobody dares not buy it. That is how it works in China."

Another poster argued that the Chinese regime was doomed in any case. It said the government and Communist Party were trying in vain to save themselves through price and political reforms.

One room on the suburban campus has been turned into a mourning hall for Mr Cai. It continued Tuesday to draw a large number of students.

Members of the Beijing University Students' Association, organized under Communist Party guidance, said they were ready to answer calls to demonstrate and to defy the law if the aims seem reasonable to them.

There has been a de facto ban on demonstrations in Beijing since the December 1986 unrest.

Li Shuxian, wife of outspoken Chinese astrophysicist Fang Lizhi, told students reading the posters that she agreed with their protests.

"It is often being said now that students are bad and constitute a destabilizing factor. This is the context in which this affair is taking place. It touches all Chinese intellectuals," Mrs Li said.

Mr Fang was expelled from the Communist Party in January 1987 after he was blamed for advocating "bourgeois liberalization," an official buzzword for Western values.

Communist Party propaganda chief Wang Renzhi meanwhile Tuesday issued a call in the official party newspaper the PEOPLE'S DAILY to "reinforce political direction and ideology" among students, saying it was especially necessary to better teach them the basic principles of Marxism.

Li Peng Addresses Transport Safety Conference
*OW0706111588 Beijing XINHUA in English
1044 GMT 7 Jun 88*

[Text] Beijing, June 7 (XINHUA) — Premier Li Peng promised today that China's central and local governments would increase investment funding on communications and transportation by adding new equipment and introducing new technologies.

Addressing the closing meeting of a national conference on traffic safety, the premier also asked the representatives from local governments and communications and transportation departments to effect a turn for the better in management and improve traffic conditions by strengthening discipline and punishing violators of traffic rules.

Li listed these two approaches as fundamental to the safety of China's traffic, which has recorded several serious accidents since the beginning of the year.

Investment increases are important and entirely necessary, the premier said. However, they will have to be realized in steps in line with the country's financial improvement.

Therefore, he said, "a more important and more practical approach" is to develop more effective management structures, improve the proficiency of the workers and staff and education in professional ethics.

The premier called for the introduction of safety responsibility systems by local governments. Moreover, he said, it is necessary to formulate more traffic rules and regulations, strictly enforce the enacted laws and regulations and raise the people's awareness of them.

The goal of "putting an end to serious accidents and minimizing minor ones", as required by the conference, is possible so long as the workers and staff at the grass roots put high demands on themselves, the premier said.

CPCCC Propaganda Chief on Foreign Ideology
OW0706132588 Beijing XINHUA Domestic Service
in Chinese 1355 GMT 6 Jun 88

(By correspondent Liu Kang)

[Text] Beijing, 6 Jun (XINHUA)— In his speech at the beginning of today's serial lecture "Social and Cultural Ideology Abroad and Young Students of Contemporary China," Wang Renzhi, director of the Propaganda Department of the CPC Central Committee, emphatically said: An important task of today's ideological and political education is to guide young students in absorbing the outstanding results of world civilization, adopting a correct approach toward social and cultural ideology abroad, and resisting some of its harmful elements.

Wang Renzhi noted: For a long period of time after the founding of New China, in the course of building socialism, we tended to exclude and negate the advanced economic management, social cultures, and academic thoughts of the West. Generally speaking, the universities also educated students in a closed environment. As a result, our young students' knowledge was quite superficial, their knowledge structure was outdated, their minds were not active enough, and their ability of discernment was quite poor.

He said: After the 3d Plenary Session of the 11th CPC Central Committee adopted the policy of opening to the outside world, we strengthened scientific and cultural exchanges with all countries in the world. Facts have shown that this has helped broaden the young students' vision, enliven the academic atmosphere, and inspire the people to think.

Wang Renzhi said: Although we have done a great deal of work in cultural exchanges with foreign countries, we cannot say we have opened wide enough. In the future, whether in economic construction or in development of spiritual civilization, we should be much more open.

He explained: With the rapid development of science and technology and the modernization of the mass media, barriers among nations and countries and among different social systems are being removed. Cultural openness and exchanges are indications that the human society is becoming more civilized and advanced. Isolation and confinement will only lead to ignorance and backwardness. As China develops a socialist commodity economy and promotes socialist modernization, it is urgently in need of openness and exchanges.

Wang Renzhi emphatically pointed out: We must make great efforts to learn all beneficial things and examine and develop them in the course of practice. At the same time, we should continue to carry forward the outstanding culture of the Chinese nation and form a socialist cultural system with Chinese characteristics.

While fully affirming the positive influence brought upon young people and students by foreign ideology, culture, and society's trend of thought in the past 10 years, Wang Renzhi also noted that some foreign ideology and culture also have some negative influence on the young people and students. He said: Concerning this, we must not turn a blind eye to it but we must also not be frightened. We should believe that the broad masses of our young people can draw their correct conclusion through practice and comparison and can select the good ones.

Wang Renzhi held that when we encourage and support young people and students to have contacts with foreign society, culture, and ideology, we must strengthen our guidance for them politically, ideologically, and academically so as to help them from going astray. Wang Renzhi said: In order to guide young people and students to treat foreign society, culture, and ideology correctly, our educators on political theory must study them first. We must strive to grasp the basic principle of Marxism and in a timely manner understand and study important culture, ideology, and the social trends of foreign countries. We should reform and strengthen our ideological and political work and adopt effective methods, such as consultations and dialogues, to do a good job in our work. He hoped that the whole society would show concern for the growth of our youth, carefully provide healthy spiritual food for the younger generation, and gradually find a way to cultivate socialist new people in the course of opening to the outside world through practice, research, and study.

The lecture series is held by the Education Bureau of the Propaganda Department of the CPC Central Committee and the Education Department of the Beijing Municipal CPC Committee. There will be a total of 10 lectures and all lecturers will be given by experts and scholars from

various universities and research units. Zhao Fusan, vice president of the Chinese Academy of Social Sciences, gave a lecture on "The Development and Prospects of Cultural Exchanges between China and the West" today.

Li Tieying Addresses Education Meeting
*OW0606012388 Beijing XINHUA Domestic Service
in Chinese 1318 GMT 5 Jun 88*

[Text] Beijing, 5 Jun (XINHUA) — A national conference on moral education among middle and primary school students ended in Beijing today. Entrusted by the CPC Central Committee and the State Council, Li Tieying, member of the Political Bureau of the CPC Central Committee, state councillor, and chairman of the State Education Commission, addressed the conference, calling for reforming and strengthening the work on moral education in order to train a new generation of better educated, self-disciplined people with high ideals and moral integrity.

Li Tieying said: The fundamental task in building socialist spiritual civilization is, in keeping with the needs of socialist modernization, to train socialist-minded citizens with noble ideals, moral integrity, better education, and the concept of discipline so as to raise the ideological and moral awareness and scientific and cultural standards of the whole Chinese nation. Moral education among middle and primary school students plays an indispensable part in training a new generation of better educated, self-disciplined people with high ideals and moral integrity. China has 180 million students in 913,000 middle and primary schools. The number of middle and primary school students accounts for one fifth of the nation's total population. Children are the symbol of our future and they will become the new vital force in China's socialist modernization drive. Their ideological and moral awareness, scientific and cultural standards, and physique have a direct bearing on the quality of China's future work forces. Therefore moral education is of special importance in middle and primary schools. Moral education, which permeates and goes together with intellectual, physical, and aesthetic education and education through manual labor, plays a principal, decisive role in promoting the allround development of students and ensuring the healthy orientation and socialist nature in the training of competent personnel at schools.

Li Tieying said: In recent years, we have made advances and accumulated useful experience in reforming the moral education work in secondary and primary schools. The mainstream of our students' ideological and moral outlook is good. However, problems that merit our keen attention exist as far as ideals, aspirations, moral integrity, and civility and decorum are concerned. Some educators who are puzzled by and unable to adapt themselves to a few prevailing social practices, have confounded new things with undesirable phenomena in reform. He pointed out: In order to keep abreast of the situation of reform, it is imperative to strengthen moral

education among middle and primary school students. He said: In the socialist stage, moral education in middle and primary schools must always be guided by Marxism. Moral education must be in line with the requirements for workers and specialized personnel in the new period, suit the characteristics of different ages and levels of psychology of primary and middle school students, and conform with the ideological reality of middle and primary school students. In primary schools, it is necessary to focus on "love for the motherland, the people, manual labor, science, and socialism" in conducting the education in public morality, code of conduct, discipline, and social common sense among primary school students. In middle schools, it is necessary to concentrate the education on common ideals in the initial stage of socialism, moral integrity, and laws, and at the same time make the students understand that communism is our party's most lofty ideal. He said: China is in the initial stage of socialism in which all sectors of the economy coexist, with public ownership as the predominant force. Therefore in schools we must enlighten the students with noble moral standards and teach them to combine their individual interests with those of the state and collective. We must also teach the students to admire and emulate selfless people who dedicate themselves to serving the people, and to despise selfish extreme individualists, thereby organically combining the practicality with the prognostication of education.

Li Tieying said: Moral education aims to train a new generation of better educated, self-disciplined people with high ideals and moral integrity. Of these four targets, high ideals and the concept of discipline are particularly important. Currently patriotism should be the starting point of the education in high ideals. It is necessary to give top priority to patriotism, aimed at fostering national sentiments and the spirit to revitalize the nation in order to instill into students' minds a strong national awareness, dignity, confidence, and pride. It is also necessary to intensify the education through labor and make students understand that it is an honor to perform labor and a sham to become lazy. Students should be taught to respect laborers and their work in all trades and professions, and to cultivate the view and habit of willingness to perform labor and the spirit of working hard and thriftily. When conducting moral education among middle and primary school students, we should engrave into their minds the concept of socialist collectivism and teach them to be gentle and polite. We should also teach them to gradually foster a concept of "bearing in mind the interests of others, the collective, the people, and the motherland." These are the socialist moral concepts of showing concern for and ardently loving the collective, stressing civility and decorum, observing discipline, upholding public morality, and protecting public property. It is necessary to attach importance to and step up education about the legal system, which poses a new problem and is a weak link in moral education among middle and primary school students.

He pointed out: An effective way to conduct moral education among middle and primary school students is

to integrate such education with intellectual education and carry it out through all kinds of social activities and labor. This should be a major task in reforming the moral education work.

He said: It is necessary to coordinate school education with family and community education in order to create a sound social environment.

He said: It is necessary to encourage public opinion and mobilize all quarters of the community to create a sound social environment for the healthy development of children in various fields.

He said: Party and government organizations at various levels must strengthen moral education work and regard it as a major task in building spiritual civilization. It is necessary to bring into full play the role of CYL and young pioneers organizations, which are the important forces in strengthening the moral education work, in coordinating with the work of schools. Propaganda, culture, publications, arts, and other departments dedicated to the production of intellectual products should regard as an unshirkable duty the supply of ample healthy spiritual nourishment to middle and primary school students. Publications and public security departments in all localities must, under the leadership of party committees and governments, ban and confiscate obscene materials according to the law, consolidate newspapers and periodicals with indelicate substance, and severely punish violation of the law in order to stop such unhealthy practices. He called on newspapers and radio and television stations to encourage public discussion on education and publicize the importance of mobilizing the whole community to show concern for the healthy development of children. Local public security departments should protect the safety of schools, teachers, and students and clamp down on those who disrupt schools.

Li Tieying said: Many veteran central comrades have shown a profound concern and done tremendous work for children's education. Officials concerned should continue to solicit the support and assistance of veteran comrades in carrying out moral education work. He also encouraged comrades engaged in moral education to work hard and boldly explore new ways to score greater advances.

The 5-day national conference was attended by officials in charge of education in all provinces, autonomous regions, and municipalities as well as teachers engaged in moral education. Responsible persons from the Public Security Ministry and the CYL Central Committee also spoke at the closing ceremony today.

LIAOWANG Calls for Honest Government
HK0506014188 Beijing LIAOWANG in Chinese
No 21, 23 May 82 pp 4-5

[Party and State Organs Should Be Honest and Clean—Responsible Person of the Central Discipline Inspection Commission Answers LIAOWANG Reporter's Questions"—passages in boldface as published]

[Text] The other day, a responsible comrade of the Central Discipline Inspection Commission [not further identified], in a requested interview with a reporter of

this magazine, talked about the problem concerning people inside and outside the party. The problem is that "party and government organs must be honest and corruption-free."

Reporter: "The thriving of the economy requires party and government organs to be free from corruption." What is the great significance of this problem raised at present?

Answer: The thriving of the economy requires party and government organs to be free from corruption. This was put forward by Comrade Zhao Ziyang on the basis of Comrade Deng Xiaoping's consistent thinking. It embodies the party Central Committee's guideline for the tackling of the two civilizations at the same time. As we now call for the solution of the problem of honest government, this is of great significance. Since the introduction of overall reform and openness, our country has gradually stepped on the path of healthy and steady development in its economic construction. The introduction of the market mechanism and the development of the commodity economy have enabled our economy to present an increasingly thriving scene and show brimming life and vitality. Meanwhile, it must also be noted that among some party member cadres and party and government organs, there really exist unhealthy practices that must arouse full attention and vigilance. There also really exist some phenomena of corruption. Some people use the power as managers in charge of human, financial and material resources to serve private ends, or line their own pockets at the expense of the public. They even practice corruption and theft, and demand or accept bribes. Some law enforcement departments and administrative management cadres abuse their authority practicing extortion and blackmail and encroaching directly upon the interests of the masses. Some people try to outdo each other showing off and putting up appearances, as they live it up. Some are keen on throwing welcome and send-off parties, given to extravagance and waste, fond of providing entertainment and showering gifts, and in the habit of wining and dining others, throwing state money around. All these have aroused great dissatisfaction from the masses of people. Our party and government are faithful representatives of the interests of the people. In judging whether we are promoting their interests, the masses do not just see whether our general and special policies are in order. They especially check whether our party and government leadership organs and leading cadres can put the interests of the state and the people first in all their activities and be honest and open and aboveboard. In this sense, the problem of honesty in party and government organs has a decisive influence on the relations between the party and the masses, between the government and the masses, and between the cadres and masses, and has a bearing on the success or failure of the modernization effort. Comrade Chen Yun once again pointed out that the ruling party's problem of the party style is one of the party's survival or extinction. We should view problems from this high plane, take appropriate measures, and get

rid of the phenomenon of corruption. Otherwise, as time goes on, our party and government organs will become corrupted. In the end, the economy also cannot thrive.

Reporter: Historically, at home and abroad, any government that wants to be consolidated hopes for an honest government. What is your opinion of this?

Answer: In history, to maintain its own regime, the feudal ruling class did make efforts to make government officials honest, as during the "reign of Wen and Jing" in the Han Dynasty and the "reign of Zhen Guan" in the Tang Dynasty. There were also for a time some well-known honest officials, such as Bao Cheng of the period of Northern Song and Hai Rui of the Ming Dynasty. But fundamentally speaking, the rulers of the exploiting class cannot keep government officials honest and free from corruption. This is determined by the nature of their class.

Communists are the political representative of the most advanced class in the history of mankind. Apart from the interests of the masses of laboring people, they do not ask for any special privilege for themselves. This determines that the leadership organs and leading cadres of our ruling party are wholeheartedly devoted to serving the people. Honestly performing their official duties is a feature of Communist Party members. After our party assumed power, it established a government with the people as masters of the house. It made a clean break with the corrupt style of the old Kuomintang government, which was replaced with a fine style of fighting amidst hardships and practicing industry and frugality. It should be stressed that our party and government organs are, on the whole, honest and well supported by the masses. But there is no denying that due to a developing situation and changes in objective circumstances, a small number of party member cadres have developed an idea of seeking enjoyment and want to be lords that keep the people at arm's length. They have been not so prudent and not so honest. Especially since the introduction of reform and openness, some people have been tempted by the lure of money and material comforts, and have degenerated and even thought nothing of serving their own interests at the expense of the state. Unhealthy practices of this or that kind and even certain phenomena of corruption exist in our party. But it should be believed that our party can rely on its own strength to get rid of various negative phenomena of corruption.

Reporter: Since the founding of the PRC, how have our party and government fought the phenomenon of corruption?

Answer: Since the founding of the PRC, our party and the People's Government have all along maintained a high degree of vigilance and remained clear-headed in handling the phenomenon of corruption. They have put up a resolute struggle. In 1953 our party carried out the "movement against the three evils" and the "movement against the five evils." At that time, leaders of the Tianjin Prefectural party committee Liu Qingshan and Zhang Zishan were put to death according to the law, because of their corruption and degeneration and their acting against law and discipline.

The discipline inspection committees at the central and local levels established since the 3d Plenary Session of the 11th CPC Central Committee have also waged a persistent and tireless struggle against the phenomenon of corruption in the party. In seriously cracking down on criminal activities in the economic field, the Central Discipline Inspection Commission and the discipline inspection committees at various levels were instructed to act as special organs of the party committees at the central and local levels in directing this struggle. They concentrated forces on cooperating with relevant departments in seriously punishing economic criminals involved in smuggling, bribery, profiteering, fraud, corruption, theft, and so forth. At that time, Deputy Secretary of the Political and Legal Affairs Committee of Shantou Prefecture Wang Chong, Deputy Secretary of Haifeng County party committee Ye Makan, and others were executed according to the law. Recently, in the struggle against the phenomenon of corruption, our party has also paid attention to investigating cases involving top ranking cadres. In the report of the 13th National Party Congress, it was clearly pointed out: "In the process of reform and openness, an anticorruption struggle within the party is inevitable. If corrupt elements are allowed to remain in the party, the whole party will be corrupted." This has determined the anti-corruption struggle to be a long-term one. It permeates through the whole process of reform and construction. We cannot fight one single battle and call it quits. We must foster an idea of fighting a long battle. As far as this is concerned, we should be adequately prepared ideologically.

Reporter: What important measures is the Central Discipline Inspection Commission prepared to take to enable our party to stand the test of government and reform and openness?

Answer: To enable our party to stand the test of government and reform and openness, we must persistently take proper care of work in the following the three respects.

First, we must accelerate the pace of reform, perfect systems, and create democratic politics. If the economy is to thrive, we must rely on reform. If party and government organs are to be free from corruption, we must also rely on reform. One of the basic reasons why the unhealthy practices and the phenomenon of corruption in the party have been overcome only to reassert themselves is that many of our regulations and systems are not sound and perfect enough, giving those in defiance of law and discipline a chance. Or it is that many of the regulations and systems that do exist have not been made known to the public, so that the masses have no way to exercise supervision, giving some people a chance to abuse their authority. Therefore, we must realistically strengthen the building of systems and fundamentally get rid of the soil or the hotbed that breeds unhealthy practices and the phenomenon of corruption. Meanwhile, we must adopt various measures to increase the degree of openness, broaden democratic politics, strengthen inner-party supervision, and find a new path that enables us to rely not on the launching of movements but on reform and systems to take proper care of the party style and government discipline.

Second, we must uphold the guideline of running the party strictly. As far as discipline inspection organs are concerned, running the party strictly means the following: 1) We must strictly enforce discipline. Investigating and handling cases inside and outside the party is a central link in tightening party discipline. The further we go in reform and openness the greater the need to enforce discipline. Concerning those people that run afoul of law and discipline, make mistakes, and cause serious consequences, we must mete out due punishment according to provisions in the party Constitution. Those people who have seriously degenerated and who blackmail others, practice corruption and theft, and act against the interests of the state must be dismissed immediately after they are found guilty. 2) We must tighten control over education. Our education program chiefly calls for combining cases of typical significance with education on party discipline and continuously strengthening the concept of discipline among party members to make them models in observing law and discipline. 3) We must tighten supervision. Inner-party supervision is an important duty of ours. What forms the core of inner-party supervision is leadership organs and leading party cadres. We must further strengthen supervision from higher-level party organizations over lower-level party organizations and leading party cadres. One level is to exercise supervision over another, so that it can be really put under the supervision of party discipline. 4) We must impose strict demands on leading cadres. In strictly running the party, we must first be strict with a leader. The higher the office the heavier the responsibility and the greater the expectations from the party and the people. There should be all the greater need for a leader to set strict demands on himself and take the lead in honestly serving the public.

Third, we must strengthen and improve ideological and political work. Ideological and political work is our magic weapon. Given reform and openness, various lines and trades must make the most of and exploit this magic weapon. With a given target in mind, we must do a good job of ideological and political work involving people from all sides at different levels. Thus, every comrade can become a servant of the people, who shows ideals, consciousness of discipline, and devotion to duty.

Students Long For Democracy, Call for Reform
HK0406072188 Hong Kong CHENG MING in Chinese
No 128, 1 Jun 88 pp 6-9

[Notes on a Northern Journey" by Lo Ping (5012 0393):
"Storm Coming on the Mainland"]

[Text] Commemorative Activity: Officially Organized
and "Civilian Organized" [subhead]

Two performances with different tones, different main characters, different audiences, and different atmospheres were held on the same day, at the same time, at the same place, and for the same commemorative activity. Is it possible?

It is not a question of whether it is possible or not. It is because it is reality.

On 4 May, Beijing University ceremoniously commemorated the "May 4th Movement" and the 90th anniversary of Beijing University. The university campus was bustling with noise and excitement. Li Tieying, a member of the Political Bureau of the CPC Central Committee, a newly appointed state councillor, and minister of the State Education Commission, attended the official commemorative activity jointly organized by the party committee of the CPC Party School and the student union, which is under the leadership of the party. He spoke at the meeting, encouraging young people to work hard to learn and to dedicate their knowledge to the service of the country. He also asked young people to make allowances for the several difficulties of the government, and to "do well the reform and opening up with one heart and one mind with the party." This of course is a type of "obverse news" that often appears in party newspapers and journals, but that does not attract people's attention.

University Students Left Li Tieying Behind and Rushed To Listen to Fang Lizhi's Speech [subhead]

Wonderfully and unexpectedly enough, at the same time and on the same campus, there was a "civilian-organized" commemorative activity. Prof Fang Lizhi, an old boy of Beijing University and a famous Chinese astrophysicist, was recognized by some university students on the campus when he arrived on his bicycle for the commemorative activity he had been invited to. He was immediately surrounded by students and was asked to talk about current issues, such as reform and democracy in China and so on. Immediately after this "civilian-organized" commemorative activity started, more than half of the masses attending the official commemorative activity held on the opposite side of the square were attracted to it. Several hundred students surrounded Fang Lizhi in an orderly way, and more than ten surrounding circles were formed. In fact, a spontaneous political gathering, which was not approved by the leadership of the university and the public security departments, was rapidly formed. This small "disorder incident" left Li Tieying and the party members, who were talking in a bureaucratic tone and manner on the opposite side, staring tongue-tied and transfixed. The State Education Commission and the university authorities did not dare to do anything openly against Mr De (Democracy). They could not do anything but hopelessly watch Prof Fang discuss politics and furiously listen to the applause and the acclaims of the university students who were listening to and surrounding Fang Lizhi.

Fang Lizhi Sighed and Regretted That the Practices of Ruling by People and Only One Person Has the Say Are Old Habits That Are Difficult To Get Rid Of [subhead]

Fang Lizhi spoke and answered questions for 20 minutes in the status of an old boy of the university. This can be described as the first time he publicly spoke in front of masses of people since he was criticized by name by Deng Xiaoping and was expelled from the party last year. The main points of his speech were:

1. China should adopt the freedoms of publishing, thinking, and speech. "This is China's pressing matter at the moment." He again attacked the CPC for only talking about "democratic centralism," and for fundamentally not being concerned about the old problems of democracy. They are so afraid of democracy. This illustrates that the people in power lack self-confidence. Moreover, the old habits of the practice of ruling by people and the feudal practice that only one person has the say cannot be gotten rid of.

Economic Modernization Cannot Be Achieved Without Democracy [subhead]

2. Democracy should be developed while carrying out modernization. "Without democracy, there will not be economic democracy. Democracy and economic modernization should be parallel." "At present, democracy in China is still being constrained at a very low level. The development of modernization is thus being obstructed." He briefly talked about the situations of economic prosperity and democratization in Taiwan and South Korea, two of the Asian "four small dragons," and compared and contrasted them with Albania, which still insists on following the Stalinist socialist model. He said Albania, in fact, "has neither democracy nor economic modernization."

He pointed out: "The fundamental criterion of modernization should be the same all over the world." What he actually meant is that China should not develop another criterion by itself and should not lower the modernization criterion.

"The CPC Leadership Is Not Brave Enough To Adopt Autocracy, and Is Not Bold Enough To Implement Democracy" [subhead]

3. Democracy can only be realized through difficult work and struggle. The university students asked him how democracy could be realized in China. Fang Lizhi answered: "It is not easy to install democracy in China. The matter is not very simple. It depends on our efforts, and we should strive for it in accordance with our capability and efforts." In this "speech," which takes a position and makes a well thought out deduction, Prof Fang Lizhi spelled out his critical "epigram": "At present, the CPC leadership is not brave enough to adopt autocracy. Is also is not bold enough to implement democracy." These two generalized sentences are very penetrating, and they really go to the heart of the matter.

The President of Beijing University, ZHONGGUO QINGNIAN BAO, and Others Are Warned [subhead]

In view of the "two conferences" convened not long ago, there is a very limited amount of democracy. Even Beijing University President Ding Shisun, who criticized that "people who do not pay attention to education and do not feel concerned about teachers should be condemned through the ages," was privately warned by the State Education Commission. Hu Qili, an important official in charge of ideological work, criticized with emphasis the boldly speaking ZHONGGUO QINGNIAN BAO, JINGJI RIBAO, and also SHIJIE JINGJI DAOBAO, which was protected by General Secretary Zhao in the past, and he accused them of creating disputes. In particular, ZHONGGUO QINGNIAN BAO was accused of being strongly "inflammatory."

What Hopes Can Be Placed in the CPC? [subhead]

Contrary to ZHONGGUO QINGNIAN BAO, RENMIN RIBAO, the newspaper of the CPC Central Committee, was praised by Hu Qili. He considered that RENMIN RIBAO had "a sense of propriety" in reporting the work of the two conferences, and that it "chose materials in an appropriate way." Director Qian Liren, who consistently holds the opinion of acting in a methodical and well-balanced way, and will not touch "hot topics" or any "sensitive issues," perhaps will be more cautious, and will run the newspaper in accordance with the opinions of the upper levels. In view of the overall situation, what Prof Fang Lizhi said—that "it is better (for the people) not to place hopes in the CPC authorities"—is very significant.

Fang Lizhi's speech was consistently interrupted by warm applause from the students, and many of them took notes. Some students said that they agreed with Fang Lizhi, and they criticized the current phenomenon of a lack of democracy and human rights in the mainland.

University Students Asked Fang Lizhi To Write a Few Words of Encouragement: "Democracy and Science" [subhead]

When Fang Lizhi was pushing his bicycle and preparing to leave the campus, several tens of people came to him and asked him to give them his autograph. They also requested that as a representative of the democracy and science in the China of the 1980's, he write the characters: "Democracy and Science." He satisfied their wish.

There were two performances on the same campus. It was very quiet on that side but very ardent on this side. On that side, the minister was being treated with disdain, while the professor on this side was being supported. Doesn't this phenomenon illustrate with whom popular sympathy lies? Isn't it a reflection of the fact that the people have been longing for democracy and the people are calling for thorough reform?

After this affair, while Fang Lizhi privately answered reporters' questions, he said he has not changed his viewpoint that "Marxism is already outdated in China," and so on. He said: "Consistently, I have not changed my viewpoints."

Series of Actions of the Students of Beijing University [subhead]

People know that Beijing University was the place of origin of the "May 4th Movement," and that is also has been the center and the starting point of student movements throughout the ages. The current students of Beijing University have a clearer mind than the graduates before them as well as their seniors. The poster "Alarmist Talk in the Times of Peace and Prosperity," which appeared on the poster board of the "Hyde Park" of Beijing University on 4 April, displayed the real patriotism (not the feeling of loving the party) of the students of Beijing University, and their courage to boldly resist. The "Alarmist Talk in the Times of Peace and Prosperity" bitterly explained the current educational crises—"the devaluation of education and knowledge, the serious shortage of educational funds, the all-round decline of educational quality, the impoverishing of philosophy, the chaos in economics, the naivety of the science of laws, the crisis of studies in history.... Teachers' salaries have declined, and they are under poor conditions. In order to get rid of poverty, they have no choice but to adopt the practice of "saving oneself with production" (this practice is just the broad road pointed out by leaders of the central bodies). Students give up study and take up business; and they do not think about study and neglect studies." It also directly spelled out: "Zhao Ziyang and Li Peng, who is the minister of the State Education Commission, should be held responsible for the current educational crisis."

This "Alarmist Talk in the Times of Peace and Prosperity," which criticized "party and state leaders by name," makes people think of the incident of Wei Jingsheng's big-character poster 10 years ago. However, the times are different. Although this big-character poster, "Alarmist Talk in the Times of Peace and Prosperity," was a flash in the pan and was rapidly torn down, up until now there has not been another "Wei Jingsheng incident." The will of the students of Beijing University to demand more emphasis on education and express their ideas and hopes for freedom cannot be destroyed. Therefore, following this there were actions of "service with compensation" and sit-in demonstrations in Tiananmen Square.

Slogans Intended To Initiate a One-Million-People Signature Campaign Appeared in Urban Areas [subhead]

Since then, several many slogans calling on the workers, peasants, and soldiers of the whole city to learn commerce, and to launch a one-million-people signature campaign to protest inflation and the neglect of the people's lives by the privileged stratum, were found in mid-April in urban areas of Beijing (Haidian, Xicheng,

Xuanwu). On Sunday, 17 April, 10 university students at the Beida Pingzhuang crossroads requested pedestrians to sign "an open letter to Deng Xiaoping, Zhao Ziyang, Li Peng, and Wan Li." Twenty minutes later, some 20 policemen and some 10 people's traffic policemen, led by a deputy director of the Public Security Bureau of Haidian District, arrived on the scene and requested that the students leave because they were disrupting traffic. Since the public security cadres and policemen adopted a mild attitude and soft practices, the situation did not worsen. Following this there was a vivid and dramatic rival show on the campus of Beijing University.

Summer Holidays Will Be the Danger Spot for Li Peng [subhead]

An elder of the intellectual circles told this reporter: The new cabinet of Li Peng faces a great test: the depression and demands of the masses of young students, and the grievances of industrial workers. At present, the leading body (and some organizations of the party Central Committee) of the government basically consists of people from Chen Yun's group. In the past, university students showed sympathy for Hu Yaobang. Later, they showed sympathy for Zhao Ziyang. At present, although they still support the reforms of Zhao Ziyang, they are "very disappointed" ("Alarmist Talk in the Times of Peace and Prosperity") by Zhao Ziyang's attitude toward education. Therefore, it is possible that a great "university storm," with the excuse that the State Education Commission will not be responsible for job allocations, will be launched during the summer holidays. For Li Peng, this year's summer holidays will be a danger spot.

Starting this year, the government will not be responsible for allocating jobs for university graduates. They have to search for jobs themselves and can freely join any body. This implies that it will be difficult for the university students who do not have perfect human relationships to secure ideal jobs. Parents of university students economize on food and clothing and endure all kinds of hardships for and spend several thousand yuan on training a university graduate. If it is not handled well, this graduate will become a youngster waiting for job. Why won't this annoy people? In another aspect, since prices are out of control, more students have many grievances.

A Nationwide Signature Campaign Is Brewing: "Marching Peacefully to Zhongnanhai" [subhead]

In fact, a "university storm" is brewing. As revealed by a CPC "internal circular," some students of colleges and universities, including Beijing University, Renmin University, the Central Nationality Institute, and so on, are secretly discussing the launching of a nationwide signature campaign during the coming summer holidays with students of colleges and universities of various areas throughout the country. The name of this signature campaign has not yet been fixed. However, several Beijing University students have suggested the name

"Marching Peacefully to Zhongnanhai." Judging from this angle, it would be inevitable that "student strikes" would emerge in the coming summer holidays.

Some People Worry That Polish-Type Workers' Demonstrations Will Emerge [subhead]

Outside the campuses, since prices have increased in a "triple jump," residents of Beijing are full of complaints. Although the state has given an enormous amount of subsidies, the situation has not improved. At the same time, when the constraints on the prices of eggs, meat, vegetables, and so on were relaxed, a 10-yuan subsidy was given to each worker and staff member. However, people are still upset. It is because when the constraints on the prices of meat, eggs, and vegetables are relaxed, the prices on the foods made of meat, eggs, and so on will increase in an all-around manner. When these minor things are taken into account, each worker and staff member has to spend at least 17 to 20 yuan extra a month, even before that for his children is included. If this situation is not changed in time, people will feel more frustrated. One scholar told me: "If the situation is not handled well, Polish-type strikes and protest movements, or a disguised form of strike—slow down strike—will emerge." In fact, slow-down strikes have already swept across the whole country.

The Petition of the Staff and Workers of Tianjin Electrical Machinery Plant Shocked Li Peng [subhead]

Facing the possibility that a great storm is coming, the top level of the CPC has entered the "first level of precaution." The staff and workers congress of a large 10,000-man factory in Tianjin, the electrical machinery plant, chose 5 representatives in early April to deliver a petition, which was approved by more than half the delegates to the congress, to the Tianjin Municipal Government and the Tianjin municipal party committee to complain about and make an appeal over inflation. This "single spark" is only a match, but it has made the people of the CPC in power feel uneasy when eating and sleeping. Tianjin Mayor Li Huanrui worried that a chain reaction would result. Therefore, he rapidly received the representatives of the staff and workers in person and listened to their opinions. When this matter was reported to Zhao Ziyang and Li Peng, they immediately made telephone calls to Li Huanrui, inquiring about how this matter was handled. Li Peng also instructed: This type of matter should not appear in Beijing. "You should earnestly do well the ideological work of the masses, and this work should receive top priority." The Beijing and Shanghai municipal party committees and municipal governments held meetings for successive days to study the ideological trends of the staff, workers, and students in the municipalities. What the top level of the CPC fears is the mutual integration and development of labor and student movements. In Order To Break Down the Students' Movement, Students' Food Is Improved and Summer Camps Are To Be Organized [subhead]

In order to break down and resist student movements, the departments concerned in Beijing are formulating a summer holiday program whereby university students have to receive military training, have to go out into society, have to go to factories to learn industry, and have to go to rural areas to learn agriculture. In response to the request of the Beijing Municipal Government, the Beijing Garrison will transfer a large number of cadres above company level to organize military training. The name of this military training program is called "military summer camp." As a way to attract university students to take part in it, the transportation fees to be incurred in going to and from the summer camp and a large part of the food expenses will be covered by the state. Moreover, each student will be given a chance to fire five rounds at shooting practice; each student can also have a color photo in a military uniform; and so on. It can be said that the students are being given great care and much attention. At present, some "precautionary" and "emergency" measures are being enforced. For instance, the education commission had issued a notice to various universities, colleges, and faculties requiring the students' canteen to offer good food for students before and after 15 April—the period during which prices were being adjusted. They were instructed to avoid making the students discontented. If anything went wrong, they would be held responsible. As told, the food offered to the students of various universities thus greatly improved all at once.

A Depressing Situation That Will Last for a Long Time [subhead]

In fact, the current problems in the economic, political, and social sphere and so on of Mainland China can only be solved through thorough structural reform. However, in view of the current situation, Zhongnanhai will not approve of a thorough reform program. Even for some ordinary people, they are not able to shoulder the mental pressure. Therefore, the depressing situation cannot be improved for a considerable period. What a calamitous China! How calamitous Chinese people are!

Thoughts, Choices of College Students Today

Offer Views on Morals

OW0306181888 Beijing XINHUA in English
0103 GMT 3 Jun 88

[XINHUA editor's note: "Following is the second of a series of stories on a survey entitled 'Thoughts and Choices of China's College Students Today'; 'College Students Speak Out About Morals (by correspondent Wang Zhengzhong)' — XINHUA headline]

[Text] Hefei, June 3 (XINHUA) — A recent survey of 10,000 college students throughout the country has revealed more than half of China's college students now depend on their own conscience to guide their behavior, while 30 percent base their behavior on society's moral code.

"Society is made up of individuals whose combined beliefs create a system of social ethics which most people can follow," Xuan Xiaohu, a senior in the Construction Engineering Department of the Hefei Polytechnical University, told XINHUA.

Pointing to his heart Xuan said, "I know what's right and wrong."

Xuan said he objects to a one-sided emphasis of system of social ethics which suppresses human nature, like during the "Cultural Revolution" (1966-76).

"People have to follow a code of behavior, but we don't want others to tell us what to do," Xuan said, "because we want to think for ourselves based on our own knowledge and experience, handle our own affairs, and hold our destiny in our own hands."

According to Xuan, college students in China today have their own ideas about social obligations and personal gains.

During last year's summer vacation, Xuan and some of his teachers and classmates designed a tourist camp site, for which he earned 120 yuan (32 U.S. dollars).

"With the development of a market economy in China," Xuan said, "we've realized the previous practice of separating personal gains from social obligations is not in line with the primary stage of socialism, which is where China is at this time."

"In my opinion," Xuan went on, "we should accept any reasonable and legal compensation for our labor."

Xuan is one of the 10,000 students questioned in the survey, which involved 0.5 percent of all China's college students. The survey, conducted by the Hefei-based Chinese University of Science and Technology, touched on 12 areas, including politics, life, morals and love.

The survey also indicated China's traditional concept of love is being challenged.

When asked about illegal cohabitation, about 40 percent of the students questioned agreed that couples who decide to live together without getting married are immature. But 36 percent said unmarried couples who live together should not be criticized as long as they really love each other.

Some 11 percent called cohabitation "moral degeneration," while 5.5 percent were of the opinion "cohabitation is the result of physiological need."

"For all normal individuals, sex is a physiological need and also a culmination of love," said Wu Yi, a freshman in the materials management department of the Anhui Engineering College. "And I think we shouldn't criticize unmarried couples who live together."

According to Wu, China's traditional concepts about love and morals are fairly conservative and tend to restrict human nature.

According to Wu, some people in China are living together before they get married and many are still happy after they do get married.

Wu's classmate Yan Dechou disagrees and said, "Cohabitation indicates irresponsibility, and I don't think it's possible for people to live together happily without getting married."

"In China, most people are opposed to cohabitation," Yan went on, "because people who live together without getting married tend to take a casual attitude towards sex, which I think is in itself another way of suppressing human nature."

"In my opinion, sexual relationships should be limited to marriage," said Yan, who has studied cultures and lifestyles in the Orient and the West.

According to the survey, nearly 60 percent of the students responding were in favor of passing on China's traditional moral concepts in an "analytical and critical manner," while five percent called for a "complete change."

"Changes in China's traditional moral concepts are an inevitable reflection of a cultural clash experienced by Chinese college students," said professor Xu Guangming, one of the survey's organizers.

Xu also said, "Some ideas expressed by China's college students are not compatible with the country's actual conditions, while others have not kept pace with the times."

Discuss Ideas About Love

OW0706060888 Beijing XINHUA in English
0142 GMT 7 Jun 88

[XINHUA editor's note: "Following is the third of a series of stories on a survey entitled 'Thoughts and Choices of China's College Students Today.'" "College Students' Views About Love" — XINHUA headline]

[Text] Hefei, June 4 (by XINHUA correspondent Wang Zhengzhong) — A recent survey revealed some 70 percent of China's college students are in favor of having a steady boyfriend or girlfriend while in college.

But about 12 percent want to put off making this kind of commitment. Ten percent said they had not considered the issue seriously, while four percent agreed the sooner individuals start dating the better, so they will have a better chance of finding an ideal partner.

The 10,000 students, or 0.5 percent of all China's college students, who filled out questionnaires, were involved in a recent survey, which was conducted by the Hefei-based Chinese University of Science and Technology. The survey touched on 12 areas, including politics, life, morals and love.

Deng Yu, a 23-year-old junior in the materials engineering department of the Chinese University of Science and Technology who has been covered by the survey, said he has been dating the same girl for two years.

"I think falling in love is one of the happiest things in a person's life," Deng said.

In the past, China's college students were not allowed to date so they could devote all of their time to their studies. Now, the State Education Commission still urges college students not to date while in school, but college administrators are becoming less strict on the subject.

"In my opinion, love is passion, which can be invigorating," Deng said, "and I don't think being in love has a bad effect on one's studies."

Some college students disagreed with Deng and said they don't want to make a serious commitment to someone while they are in college.

"A lot of my classmates have steady boyfriends, but I don't want to date while I'm in school," said a girl student in the fourth year class of the Hefei Polytechnical University.

"I want to go on to graduate school, and I think being involved in a serious relationship will adversely affect my studies," said she.

"Going steady is not right for everyone," said one girl who has dated three different boys since she started college life.

According to the survey, 15 percent of China's college students are girls.

Chi Han, one of the survey's organizers, said, "College students need to develop a good concept of love, so we shouldn't suppress them."

The survey also showed half the parents and teachers agreed students should be allowed to date, with nearly 20 percent supporting the idea of "correct guidance;" 13 percent calling for "resolute measures to stop them;" and only five percent expressing full support.

When asked what is the most important aspect of love, Wu Xiangling, a junior in the Chinese language department of Anhui University who was also covered by the survey, said, "I think passion is the basis of love, and a marriage without mutual passion is painful for couples."

"I don't consider appearance very important," she went on, "but mutual passion and a strong sense of motivation should not be overlooked."

When mentioning the most important criterion for choosing girl friends, 26 percent of the male students questioned said they are looking for a "gentle character;" 20 percent prefer "clever and capable women;" while 11 percent are hoping to woo the "exceptionally pretty."

About 24 percent of girl students questioned said their most important criterion for choosing boyfriends is "considerateness;" some 22 percent are looking for "enterprising" men; while 14 percent want to pair up with "clever" men.

Nearly 22 percent of the male students responding listed a doctor or nurse as the "most ideal occupation for their future wives;" 19 percent would prefer to marry college teachers, scientists or technicians; while 13 percent were looking for managerial staff or company officials.

Of the girls surveyed, 30 percent said the "the most ideal occupation for their future husbands" is a college teacher, scientist or technician; 29 percent listed managerial staff or enterprise technicians, while 15 percent want to marry doctors.

Between the 1950's and 1976, most of China's college students considered political status, like good family background and Chinese Communist Party membership, as the most important criterion in choosing spouses.

Since 1976, many students have been paying more attention to the socio-economic level of potential boyfriends and girlfriends, while others consider "passion, morals and ability" the most important.

Speak Out on Job Choices

OW0506141688 Beijing XINHUA in English
1212 GMT 5 Jun 88

[XINHUA Editor's Note: "Following is the fourth of a series of stories on a survey entitled 'Thoughts and Choices of China's College Students Today'; 'College Students on Job Choices (by correspondent Wang Zhengzhong)' — XINHUA headline]

[Text] Hefei, June 5 (XINHUA) — A recent survey has revealed 65 percent of China's college students wish to work where they can fully use what they have learned.

The survey, the largest of its kind since the founding of New China in 1949, was conducted by the Hefei-based Chinese University of Science and Technology. It involved 12 subjects, including politics, life, morals, and love.

"I used to think only by working in research institutes in big cities could I give full play to my knowledge," said Fan Chunfu, one of the 10,000 students questioned in the survey. The figure represents 0.5 percent of the total number of college students nationwide.

"But now, I think the most ideal choice for me is to do practical work, wherever I am to go," said Fan, a fifth-year student in the Thermal Engineering Physics Department of the Chinese University of Science and Technology.

Fan recently wrote a letter to the Hainan Provincial authorities asking for a job in a factory or a company on the island, upon his graduation later this year.

He admitted he made such a choice because a factory or a company usually offers higher pay and better welfare benefits. "As you know, prices are climbing and I have to view money matters seriously," he said.

The survey has also shown that some nine percent of the students still wish to work in "big cities and big units", while five percent want to work where their families are, even if they cannot use what they have learned.

More than 45,000 college students graduate in China each year.

The most important criterion for college students to choose their future jobs is whether they can fully display their talents, according to Zhou Zhen, an official of the Chinese University of Science and Technology who is in charge of graduate job assignment.

Nearly 70 percent of the university's graduates this year wish to work in coastal areas and rural factories, Zhou said. The number of students who want to work in big cities like Beijing and Shanghai has dropped by one third.

According to the survey, about 60 percent of the students said that they get college education to "contribute to mankind and the society".

"We may be able to contribute more to the motherland if we master more knowledge by continuing studies after graduation or studying abroad," said Yang Yi, a junior at the Applied Chemistry Department of the Chinese University of Science and Technology.

"But at present, China is in urgent need of people doing practical work," he said.

During last year's summer vacation, he and several of his classmates helped a distillery in a mountainous county make three technical innovations. As a result, the distillery's liquor has been selling nationwide.

He said he wishes to work in a non-governmental research institute or a rural factory upon graduation in 1990. "Because these units badly need people of knowledge, while most big enterprises and other units in cities are overstaffed, making it impossible for young people to display their talent."

The survey showed that nearly 60 percent of the students wish to begin working right upon graduation while 36 percent wish to continue their studies or go abroad for advanced studies.

The survey has also indicated that 80 percent of students favor competitive job assignments. A reform of the old job assignment system was launched earlier this year to introduce competitiveness.

Previously, the state assigned jobs to college graduates regardless of their personal likes or dislikes. Now, the graduate can choose his or her employer, while the latter can also select people it best needs.

College students are now aware of this change and they orient their studies to suit social needs. They are now more selective in taking courses and enthusiastic in "social practices" — making investigations or working in factories or villages while they continue their studies.

"In my opinion, people of knowledge should not only be experts in a certain field, but also be 'jacks of all trades,' said Zheng Gang, a senior of the Construction Engineering Department of the Hefei Polytechnic University

"A factory director or a company manager should have a good knowledge of laws, while an engineer should be able to apply psychology," added Zheng, who has read lots of books on social science and literary works.

Rui Xingwen Meets Beijing Hi-Tech Entrepreneurs
OW0306185388 Beijing Domestic Service
in Mandarin 0930 GMT 27 May 88

[Text] "The Torch of Hope," a special collection of experiences in combining science and technology with production on Zhongguancun Electronics Street, was published today by the Chinese People's University Publishing House.

When this book was put on sale the first day, Rui Xingwen, member of the CPC Central Committee Secretariat, and other comrades held a discussion with Zhongguancun Electronics Street managers on the prospects for Beijing's experimental zone for the development of new-technology industries.

Wan Li, Chen Xitong Attend Lantern Festival
OW0606140588 Beijing Domestic Service
in Mandarin 2130 GMT 5 Jun 88

[Text] The largest lantern festival in the history of Beijing City, the Beihai Dragon Lantern Festival, opened in Beihai Park last night. For the first time, Sichuan's Zigong lantern of world renown was exhibited in Beijing together with the most exquisite and excellent works of Beijing.

Wan Li, Banqen Erdini Qoigyi Gyancan, Chen Xitong, and other leading comrades as well as over 20,000 sightseers enjoyed watching this rare sight of lanterns.

Song Jian Addresses World Environment Day Meeting
OW0406155788 Beijing XINHUA in English
1218 GMT 4 Jun 88

[Text] Beijing, June 4 (XINHUA) — Enforcement and supervision of environmental laws should be strengthened, state Councillor Song Jian said today at a meeting marking world environment day on June 5.

Song said China, like most countries, faces man's three major problems — population, development and environment.

Policies dealing with these are part of the country's basic policies, he said.

He said the study of population, development and environment is one of the major tasks of the country's scientific and technological bodies and part of the responsibilities of its government at various levels.

He noted about 50,000 people are working in the country's environmental departments and that a nationwide protection network has been established.

Present at today's meeting were Liao Hansheng, vice chairman of China's National People's Congress Standing Committee, and Dr Kazi F Jalal, chief of the environmental coordinating unit of the United Nations.

'Top Level' Demands Implementation of Tax System
HK0706044288 Hong Kong WEN WEI PO in Chinese
7 Jun 88, p 2

[Special dispatch from Beijing: "Top Level in China Demands Implementation of Taxation System"]

[Text] China will implement the individual income reporting system. All members of society will have to report their incomes to the government. This will enable the government to levy the individual regulatory tax on

individuals whose incomes exceed the individual regulatory tax exemption standard specified by the government according to the relevant regulations. This is the proposal put forward recently by the top level in China during its discussions on the question of regulating social distribution.

It is learned that when analyzing the problem of unfair social distribution, the top level in China believed that, while deeply resenting the egalitarian distribution system characterized by "eating from the same big pot," the masses also have complaints about the irrational gap in individual incomes. At present, the people who are engaged in more complex or risk-taking work are underpaid. However, some people who do little work can get very high incomes. A responsible person of the central authorities pointed out that it is necessary to correctly view the practice of levying regulatory taxes on individual incomes because such practice can help to regulate the social distribution. To levy regulatory tax on individual incomes is not merely an economic question but is of great political significance as well. It is necessary to invigorate the economy, regulate the individual incomes, and fight against corruption. It is necessary to implement the individual income reporting system under which all the members of the society must report their incomes to the government. The individual income reporting system should first be implemented on a trial basis in the big and medium-sized cities. The relevant departments of the state should conduct a sample survey of the trial-implementation of the individual income reporting system. Those who fail to report their actual incomes must be dealt with according to the law. As far as the question of fighting against corruption is concerned, the responsible person of the central authorities said that the Commission for Disciplinary Inspection under the CPC Central Committee and the supervisory and judicial departments under the State Council must formulate practical and effective measures to fight against corruption as soon as possible.

State Councillor Discusses Transportation
OW0406224788 Beijing XINHUA in English
1349 GMT 4 Jun 88

[Text] Beijing, June 4 (XINHUA) — Overloading is one of the main reasons for traffic accidents in China, State Councillor Zou Jiahua says.

Speaking at a national meeting on traffic safety, which opened today in Beijing, Zou said the main lines of railways can only meet 70 percent of the demand for transportation.

As a result, he said many long-distance passenger trains carry 50 percent, even 100 percent, more than the designed capacity.

Zuo said poor management, low worker quality and inadequate equipment have earned China's transportation system bad marks.

He said the number of disastrous traffic accidents this year has been the worst on record since the founding of the People's Republic in 1949.

The construction of railways, highways, and water channels can't keep up with the growing number of trains, cars and ships.

At the same time many highways, bridges and rail lines have become outdated and obsolete, Zou said.

The problems also include poor cooperation between railways and localities preventing a smooth flow of traffic.

'Roundup' on Series of Railroad Accidents
HK0706045688 Beijing ZHONGGUO XINWEN SHE
in Chinese 1625 GMT 4 Jun 88

["Roundup" by correspondent Zhu Daqiang (2612 1129 1730): "Why Are There So Many Railroad Accidents in China?"]

[Text] Beijing, 4 Jun (ZHONGGUO XINWEN SHE)—The succession of railroad accidents in China this year, highlighted by the 24 March Shanghai collision, has aroused people's intense concern.

State Council Premier Li Peng recently issued a warning: The railroads must put safety first. Based on this program, the directors of the railroad bureaus throughout the country are currently meeting in Beijing to probe issues of railroad safety and discuss countermeasures.

According to my information, following the institution of the contract system, the railroad departments still lack the money for normal equipment maintenance and are unable to discard wornout equipment. The phenomenon of equipment being "kept in service for excessive lengths of time" is universal. Since the railroads do not make a profit, welfare, pay and conditions cannot be improved, and this adversely affects the workers' enthusiasm, with the result that railroad safety is constrained by unsteadiness in thinking, and so on.

For this reason, Minister of Railroads Li Senmao has pointed out that the workers of the railroad departments throughout the country must brace their spirits, set strict demands, and reverse the passive situation in safety as soon as possible. He said that it is essential to persistently carry out the reforms on the railroads without any wavering.

At present the problem in most urgent need of solution on China's railroads is that of key technology and equipment. Yu Yousui, chief engineer of the Ministry of Railroads, points out that the series of accidents this year serve as a danger signal for us. The main shortcoming on the railroads is lack of equipment and there are also serious problems in quality and reliability. These problems have now reached the stage where a solution is

imperative. However, in view of the financial and manpower limitations, it is only possible to solve the problems gradually by applying medium and low-grade technical measures.

People here hold that the Ministry of Railroads is faced with difficult problems in railroad safety; although there has been a gradual increase in track replacement and large-scale maintenance in recent years, the rate of track replacement cannot keep up with the growth in traffic, and the laying of new track cannot keep up with the increase in damaged and wornout track. At present the country still has 12,860 km of wornout track, including 10,722 km in urgent need of replacement and major overhaul. Last year alone 23,043 steel rails were heavily damaged, and there were 926 incidents of track breaking. Two major accidents were caused in this way. In the 1st quarter of this year there were three major accidents caused by track breaking.

In the face of this grim reality, the Ministry of Railroads has decided to give priority to resolving nine problems, including the following:

—First, 14,921 km of electric cables will be installed in districts and sections where the installation of safety equipment is urgently needed.

—To reverse the track damage situation, the ministry has decided to replace and carry out major overhauls on over 4,000 km of track this year and to carry out maintenance on 911 km.

—To prevent major accidents and reduce the number of accidents caused by trains running through signals, such as the 24 March Shanghai collision, the ministry is giving priority to allocating funds to the introduction of radio-telephones for trains and the installation of new signaling systems.

According to our information, in order to resolve fundamentally the problems of technology and equipment for railroad safety, the Ministry of Railroads is currently drawing up a plan for key science and technology items to be tackled.

Trainees Learn 'Vital Issue' of Nuclear Safety
OW0406034588 Beijing XINHUA in English
1454 GMT 06 Jun 88

[Text] Beijing, June 3 (XINHUA) — With the construction of China's two nuclear power plants — Qinshan and Guangdong — in full swing, nuclear safety has become a vital issue.

Just how vital that issue is will be borne out in a nuclear safety training course that started here today.

Actually the session is the second one held; the first was last June.

Speaking at the opening ceremony, Shi Guangchang, deputy director of the Chinese National Nuclear Safety Administration, said the Chinese Government is making efforts to ensure the safe utilization of nuclear power.

So far two regional supervision stations have been built in Shanghai and Guangdong. Safety and emergency centers have also been set in Beijing and Suzhou in East China's Jiangsu Province.

Forty trainees are enrolled in the training course that is jointly sponsored by the Chinese National Nuclear Administration and the European Economic Community.

During the 3-week second session, five teachers from Italy, Belgium and Federal Germany will give lectures on instrumentation, laws and regulations, and techniques to check safety of fuel and reactors.

Preface to Biography of Qing Emperor Daoguang
HK0106071388 Beijing RENMIN RIBAO
in Chinese 23 May 88 p 5

[Article by Chen Xulu (7115 2485 7789): "What Sort of Emperor Is Daoguang—Preface to "Biography of Emperor Daoguang"]

[Text] Emperor Daoguang—Aisin Ghioroh Minning, was the sixth Emperor since the Manchurians conquered the territory south of Shanhaiguan, and one among the 300 emperors since the first Emperor of the Qing Dynasty. He was not brilliant and brave, but neither was he stupid. He worked hard to run the country, but no remarkable results were achieved. Although there are records and books such as: "A Faithful Record of Emperor Xuanzong," "A Record of Eastern China in the Daoguang Period," "A Record of Emperor Xuanzong" in the "Script of the History of the Qing Dynasty," and many other records, not many people have probed the life of Emperor Daoguang. Yet, he was a rather famous emperor. It is because the epoch-making Opium War in China happened during his reign, and he was the most important person concerned during this war. Moreover, the modern history of China begins with the title of his reign—the 20th year of the Daoguang reign. When one first approaches the modern history of China, one will come across him. Since the Opium War humiliated China and forfeited its sovereignty, his muddle-headed, careless and dishonest characteristics are exaggerated in the records and narrations of the modern Chinese history, and to a certain extent he was described as a cartoon figure.

In order to compensate for this shortcoming, Comrades Feng Shibo [7458 1102 6886] and Yu Baiming [0060 0130 6900] published many theses containing realistic discussions on Emperor Daoguang. On this basis, they systematically consulted related historical materials, and jointly wrote this "Biography of Emperor Daoguang," which contains about 300,000 characters. This book summarizes Emperor Daoguang's life in the palace as a

prince and the political situation under his 30 years' reign; and in particular the history of banning opium and resistance against Britain was described in detail. It will help the readers understand the whole picture of Emperor Daoguang, and it is beneficial to the study of the history of the Qing Dynasty and the modern Chinese history.

There are so many emperors in history. It is worth writing a book about an emperor who is brave and has made contributions. It does not merit writing, and it is not necessary to write, a book on a mediocre emperor who has not achieved significant administrative results. Emperor Daoguang was neither of these. He was an emperor at a historical turning point caught in the whirlpool of events, and he tried to achieve something. A biography of him should be written. However, it requires much effort to write on such a situation, such an emperor, and the deep relationships between them.

While Emperor Daoguang was a child living in the palace, the Bailian Jiao [White Lotus Religion] of Hunan and Hubei revolted and caused many disturbances. When he died at the age of 69 (in the year 1850), Hong Xiuquan gathered masses of heroes, and prepared to launch a revolt, which was on a larger scale than that launched by the Bailian Jiao, with the intention of overthrowing the Qing Dynasty. At that time, the Qing Government was facing periodic upheavals, and "ghosts and gods are thinking of making changes" (Gong Zizhen's words). In this aspect, Emperor Daoguang can be said as a lucky person as the Bailian Jiao uprisings were settled by his father, Emperor Jiaqing; and the fight with Xiong Xiuquan was left to be handled by his son, Emperor Xianfeng. However, even though he had avoided these incidents, he had not avoided another type of disaster—the successive disturbances of frontier disputes and foreign aggression. He had to face the old historical troubles and the new enemies of the century.

Just when Emperor Daoguang begin his reign, the north-western frontier, where battles broke out frequently, had already given an alarm—Zhang Geer Youhaohan, descendant of the Islamic Baishan faction, led people to launch an armed rebellion and successively captured four cities in southern Xinjiang. Emperor Daoguang moved troops and dispatched generals. With the remaining power and prestige left to him by his ancestors, and after several years' expedition, Emperor Daoguang again put down the rebellion that had broken out at the foot of Tianshan. He issued an imperial edict to hang the pictures of the ministers who rendered great service on the walls of Ziguanqge. However, the pernicious influences of opium came from the sea at the southeast and the invasion of the British army made Emperor Daoguang feel uneasy even when eating and sleeping. He sternly banned opium and resolutely resisted the British aggression. However, he failed to bring successful results in these two aspects. Ultimately, he had no alternative but to reluctantly sign a treaty under British coercion.

Under the same hard-working Emperor Daoguang, with the same officials and subordinates, generals were dispatched on expeditions. He won the battles in the northwest but was unable to win the sea battles in the southeast. Two different results came about. Apart from the fact that the situation in the northwest was different from that of the southeast, and the objective reasons of chronic troubles as well as a new enemy, what other factors associated with Emperor Daoguang can we find? When the British warships attacked the coastal cities and towns, Emperor Daoguang issued an imperial edict to the generals and officials responsible for handling this matter and instructed them that: "National prestige should not be lost and frontier disputes should not be aroused." He worried that the prestige of the Qing Dynasty would be damaged; His instruction implied his long-cherished wish to protect the territory and the people, and also his laziness as well as being muddle-headed, careless and arrogant. On the bases of such a chaotic mentality, once Dinghai fell into enemy hands and slanderous talk arose, Emperor Daoguang ignored the changes in the situation of the sea frontier and had Lin Zexu, who had been trusted by him and resolutely fought against the British army, removed from office and banished. Emperor Daoguang then replaced Lin Zixu's with Qishan, who engaged in miscellaneous unimportant matters and achieved nothing. Later on when Qishan's evil doings of privately ceding land and paying indemnities at Guangzhou were brought to light, Emperor Daoguang removed Qishan from office and punished him as he felt Qishan had damaged the "national prestige." Emperor Daoguang stayed in the imperial palace that was cut off from society; thus he did not know where Britain was, did not understand colonialism, and did not understand the situation of the battles on land or on sea. He judged truth or falseness on the bases of the dignity of the Qing Dynasty and directed the changeable battlefields several thousand miles away according to slow and false reports. Therefore, how could he avoid losing control in the ups and downs of battles.

It is justified to say that: The Opium War was the first time the new colonialist enemy was encountered, and when Emperor Daoguang unexpectedly had to face it, he lacked practical experience and was not mentally prepared. Therefore, only traditional weapons and tactics were used to resist the new enemy. The story had actually begun a long time before, colonialist warships had already appeared continuously in the Chinese waters 200 years before the war, and there were increasing signs of battles. Due to the consistent closed policy of the Qing Dynasty, Emperor Daoguang had remained ignorant about the Western world. Since such ignorance was a result of history, we cannot blame Emperor Daoguang too much. However, the signing of the "Nanjing Treaty"—the result of the war—brought great pain to Emperor Daoguang. The lesson was a living one, and the colonialist threats came one after another. Rationally, the Qing government should have changed its policy and attitude. The 8-year period from the time when the war was over to the year when Emperor Daoguang died

(1842 - 1850) should be called a key period in which failure in war should have been transformed into motive power. But what had Emperor Daoguang done over these 8 years? He again and again issued edicts to lower levels ordering them to train soldiers and strengthen defense, and consolidate personnel systems and finance, and planned to rescue the country. Unfortunately, all these government orders were no different from those before the war, and none of them was a new measure enlightened by the war. Not only did the exploration of Western affairs and the translation of Western books carried out by Lin Zexu not arouse the attention of Emperor Daoguang, Wei Yuan's "History and Geography of the World," which brought increasing significance, was also ignored. He did not trace the reasons for the war, and the trend of the five ports opened to foreign traders was not part of this thinking. This was, of course, a result of the rigid system of the Qing Dynasty, but Emperor Daoguang himself—the emperor in charge of major national programs—should also be blamed. Therefore, the new policy adopted in the 1898 Reform Movement should have emerged right at the beginning of the shock brought about by the Opium War. However, during the 8 years after the Opium War, measures similar to those adopted by the reformists were not adopted. Modern China lost many valuable opportunities. It should be said that such a loss began with Emperor Daoguang.

"A Record of Emperor Xuanzong" said that: Emperor Xuanzong had the virtue of being modest, and the character of being lenient, and he cautiously maintained the achievements of his predecessors. "We are not going to explore how much rationality and practical achievement are being contained in this type of wording. The most important phrase is: "maintained the achievements of his predecessors." Under the general circumstance of a dynasty, Emperor Daoguang can be regarded as a monarch who had "maintained the achievements of his predecessors." He was definitely not a bad king. However, in the turning stage of history, Emperor Daoguang stuck to usual practices and did not realize that changes were necessary. Then, he was not a good king who understood the times. That is why when the British canons were fired in the Middle Ages and entered the modern times, and when Emperor Daoguang also entered the modern age at the same time, his mind still remained in the Middle Ages, and he still remained, one hundred percent, a king of the Middle Ages; and we cannot find any flavor of the modern times in him.

Economist Suggest Higher Interest on Savings
OW0306183888 Beijing XINHUA in English
0553 GMT 3 Jun 88

[Text] Beijing, June 3 (XINHUA) — A leading Chinese economist has suggested China increase the interest rates on savings accounts to guarantee the value of people's savings in the wake of current price increases.

In a recent interview, Zhang Zhuoyuan, director of the Finance and Trade Economics Research Institute administered by the Chinese Academy of Social Sciences, said, increasing the interest rates on savings deposits faster than the price index climbs is one way to protect people's interests when prices go up.

"If this measure is adopted, people's savings will not be devalued," he said, adding last year the general price index went up at a rate of 7.3 percent, while interest rates increased by only 7.2 percent.

During the first four months of this year, China's banks accepted total savings deposits of 29.1 billion yuan (7.9 billion U.S. dollars), or 4.1 billion yuan (1.1 billion U.S. dollars) less than in the corresponding period of 1987.

Li Guixian, governor of the People's Bank of China, said one reason for the decline is higher prices which have discouraged people from putting money in their savings accounts, and they are keeping more money on hand to buy consumer goods and agricultural production materials.

One housewife said she now has 4,000 yuan (1,100 U.S. dollars) but can't decide whether to buy goods or buy bonds.

Many families are spending all their savings on furniture, appliances and expensive consumer goods rather than leaving their money in banks.

Zhang said that about one-fifth of China's urban families have seen their standard of living go down because of price hikes.

According to the economist, savings deposit interest rates should be kept at 2 or 3 percent higher than the rate of increase on the consumer price index as in many other countries.

By keeping interest rates up, the economist said, the value of savings will be guaranteed and people will also be encouraged to deposit money in savings accounts even for sake of interest.

RENMIN RIBAO on Property Rights Transfer
HK0606012088 Beijing RENMIN RIBAO
in Chinese 20 May 88 p 5

[Article by Tian Yuan (3944 3293), Qian Gang (0829 0474), and Ren Xingzhou (0117 5281 3166): "A Study of the Policy of Developing the Market for the Transfer of Enterprise Property Rights"]

[Text] Over the past few years, in the course of the development of the urban economic reforms, the scope of the working of market mechanisms has been steadily expanding. Exchange on the socialist market now not only covers the key elements of production. It also covers enterprises, which are conglomerations of the key elements of production. In some parts of the country, a new

reform pattern—paid transfer of enterprise property rights—is emerging. This shows that China's market for enterprise property rights is gradually developing.

The Significance and Effects of the Development of the Market for Enterprises Property Rights [subhead]

The emergence of the paid transfer of enterprise property rights, which is a reform pattern, is mainly a product of the challenges to the state-owned sector of the economy from the actual circumstances. In recent years, collective enterprises and, in particular, township and town enterprises, have been developing rapidly and they are now a new force in economic development. Private enterprises are also developing rapidly. They are gradually becoming a powerful rival of state-owned economic organizations. On the other hand, many state-owned enterprises, lack vitality and are inefficient. Because of certain defects in the traditional economic development strategy and constrained by the management system which is characterized by a division of departments and regions at various levels, some enterprises have been suffering from inherent problems since their establishment. Some others, as a result of structural readjustments and market changes, have become ill-suited to economic development. Some of those state-owned enterprises which have their own advanced technology and produce good economic results and which should be developed are prevented from doing much by the shortage of capital and land. On the other hand, some improperly managed money-losing enterprises or not very profitable enterprises are holding capital for long periods of time although they are also given vast amounts of government subsidies. They are a burden for finance departments at all levels. Grim realities are compelling us to develop paid transfer of enterprise property rights through various channels.

Developing paid transfer of enterprise property rights is a economic reform measure that can kill two birds with one stone: it can cater to the needs of two types of enterprises. On the one hand, it can help those properly managed prominent enterprises which are capable of making innovations and which have good development prospects speedily develop production by merging with those improperly managed enterprises, which are not doing well. On the other, improperly managed enterprises and those which are not doing well and have been losing money for a long time can, through paid transfers of enterprise property rights, make it possible for others to effectively use those productive forces that are left idle. In this way, the departments in charge of these enterprises and local government can reduce the subsidies they give to these enterprises each year to make up for their losses and use the money earned from selling enterprises to further invigorate those enterprises already very efficient. We can, by invigorating these two types of enterprises, make the management of state-owned property generally more efficient.

The profound significance of the development of paid transferers of enterprise properties also lies in the fact that it can bring about changes in the property operational mechanisms. However, it is in itself a mechanism that can rationally regulate the quantity of property and the stock of assets and most profitably regroup the key elements of production. It can defrost the quantity of property and the stock of assets, bring about a concentration of material resources in trades and enterprises with high business efficiency, make the distribution of our limited resources more rational, and help us steadily improve macroeconomic results.

Since the property rights market can stimulate the reform of national property operational mechanisms, it also can help local governments at all levels improve property management. China is a big country with different conditions and different resources in various parts of its territory. Its economic development is therefore not balanced. By developing the enterprise property rights market, we can help local authorities take advantage of favorable local conditions, avoid problems, and gradually turn our assets over to those trades with the best business management competence. Guangdong, Fujian, and other coastal areas are trying to persuade profit-making enterprises in the interior to buy enterprises in the open zones. This may even speed up the opening up of the country to the world and enable more localities to benefit from "indirect opening" and to participate in the competition on the international market.

Paid transfer of enterprise property rights is a new thing that has come into existence in the context of the reforms and it has great significance for deepening the reforms and stimulating economic development. From a short-term point of view, it can help us invigorate money-losing enterprises and improve economic results. From an intermediate- or long-term point of view, it can help us optimize the organizational structure of enterprise and the entire production setup, and lay a structurally balanced foundation that corresponds with overall socioeconomic balance. Therefore, it is very likely that it will become an effective way of organically combining the reforms and development.

The Idea of Developing the Enterprise Property Rights Market [subhead]

Given the current state of the country's economy, we should gradually take the following steps in developing the enterprise property rights market:

First, we should develop many forms of transfer of property rights. One of these forms is the lateral merging of two enterprises producing the same products or doing the same type of business on the same market. A second form is the vertical merging of enterprises producing related products or doing related business on the same market. And a third form is the mixed merging of enterprises that bear no distinct relationship with each other as far as the market and their products are concerned.

Second, it is necessary to have different kinds of property rights transferers. The coexistence of different types of ownership in contemporary China and its practice of level-by-level management require that there be different kinds of property rights transferers. It is necessary to encourage and support the transfer of property rights among state-owned enterprises, among collective enterprises, and between state-owned enterprises and collective enterprises, in order to more efficiently manage public property and assets. We should also allow the transfer of property rights between state-owned, collective, and private enterprises and the paid transfer of some small state-owned enterprises to private enterprises or individuals. In addition, we also should encourage owners of various types of property or holders of various types of assets to pool capital to buy enterprise property rights.

And third, it is necessary to develop ways of transferring property rights. The country's enterprise property rights market should be characterized by diversity. We should, on the one hand, develop partnership business based on the purchase of a fraction of the assets of an enterprise and, on the other, encourage merging as a way of taking over debt payment responsibilities. In addition, we should also allow people to purchase either the ownership of material assets or the right to use them from enterprises. Now, enterprises in various parts of the country are running other enterprises either on a contract basis or on a lease basis. This is a simple and straightforward way of transferring the right to use enterprise assets and it should be encouraged and popularized.

In developing the enterprise property rights market, it is necessary to take the following two steps:

The first step is to introduce the transfer of enterprise property rights within certain limits. 1) We should focus our attention on introducing it within the public sector of the economy and appropriately restrict the purchase of state-owned property rights by private enterprises, in order to prevent the transfer of national property to private hands at cheap prices as a result of our lack of experience when we introduce this reform; 2) It is necessary to stress the development of regional property rights markets and yet not to rule out transregional transfer of property rights. We can first launch pilot projects in a few provinces, cities, particularly those in which reform pilot projects are being executed, and open zones. 3) It is necessary to focus attention on launching pilot projects in industrial departments which have serious problems with overlapping construction and a larger number of money-losing enterprises; and 4) Apart from transferring small enterprises, we can also try to transfer a few large state-owned enterprises which have been losing money and having management difficulties for a long time by inviting tenders from all over the country.

The second step is, on the basis of experience gained, to gradually develop a nationwide transregional and inter-trade market for enterprises property rights that is not confined to a particular type of ownership and to let all kinds of owners participate in it.

The Corresponding Policies and Measures for Developing the Market for Enterprise Property Rights [subhead]

To stimulate the development of the enterprise property rights market, it is vital for government at all levels to enthusiastically support it by means of policies and to formulate the corresponding measures.

1. It is necessary to clearly define the national enterprise property rights relations. The transfer of enterprise property rights must be preceded by efforts to clearly define enterprise property rights relations. Before the enterprise property rights relations are really straightened out, we suggest that existing national property and assets be put under the ownership of the central, provincial, city, and county governments on the basis of the country's level-by-level management of enterprises after we have sorted out our property and assets. In this way, the central government can gradually take property management results or, in other words, the asset-income ratio, as one important criterion for assessing the performance of local governments. We can first make it clear that the property rights of those enterprises currently under the jurisdiction of local authorities and those of enterprises established by them go to local governments and let these local governments decide on or approve the selling or buying the enterprises. As for the property and assets of enterprises established with central government investment and those of enterprises jointly established by central and local authorities, we can handle them by issuing shares or by formulating other relevant policies.

2. We should gradually form entities to be responsible for managing public property rights. Thus, government at all levels can establish some property rights managing organs the main responsibility of which is to valorize property and assets. First, it is necessary to turn over the money obtained from selling enterprise property rights to these property rights managing organs and, afterwards, to gradually turn over the property and assets of existing enterprises to various property rights managing entities. Candidates for the responsible persons of property rights managing entities may be named by the government at various levels but must be approved by people's congresses at the corresponding levels. If these organs cannot be established for some time, we can allow finance departments at various levels to temporarily perform their function and gradually establish them later.

3. We should formulate policies regarding the management and use of funds obtained from the selling of enterprises. Money obtained from the legal sales of public enterprises should go to the governments possessing the property rights. However, it must not be counted

as part of these governments' regular revenues. In principle, this money can be used only to clear enterprise debts, to purchase enterprises, or help highly efficient enterprises develop production. In the near future, we should strictly restrict its use in the establishment of new enterprises. Still less should we use it for regular government expenses or welfare expenses.

4. We should make proper arrangements for workers of transferred enterprises. This is an important factor that has a decisive effect on the smooth transfer of enterprise property rights. We should encourage buyers to solve employment problems for workers of enterprises being transferred. The expenses thus incurred can be deducted from the purchasing prices of enterprises. The status of these workers can be left untouched or the problem can be solved by paying them to change their status or by employing them on a contract basis. We can also let them wait for jobs for a short time and give them living allowances in the meantime or let the departments originally in charge of these enterprises make arrangements for them.

5. It is necessary to fix the prices of enterprise property rights by various means. We can fix the transferring prices of enterprises that have been losing money for a long time and those which are on the brink of bankruptcy by openly inviting bids or competitive tenders. Enterprises in the same industries and those with similar technology can voluntarily negotiate prices among themselves. As for those enterprises which are on the brink of bankruptcy and whose assets cannot meet debt payments, we can let the largest creditor enterprises take them over. The transferring prices of enterprise property rights should be fixed in a voluntary and reasonable way and the transfer of such rights should be paid for.

6. It is necessary to formulate the corresponding banking policy. First, the banks should liquidate the debts of enterprises which are on the brink of bankruptcy and unable to pay off debts and, by means of the depletion of debts, convert the creditors' claims into usable funds, in order to use existing funds profitably. Second, we suggest that the construction banks support this by providing special loans for the transfer of property rights. And third, apart from encouraging enterprises to buy property rights with their own funds, we should allow promising enterprises to raise money to buy property rights by issuing enterprise bonds or shares either single-handedly or with the assistance of banks.

7. It is necessary to combine the transfer of property rights with the reform of the contract system. Our principle is that we transfer or undertake on a contract basis whatever is suitable. We can take the scale of assets operation as an important contract target and encourage successful enterprises to increase their property and assets and enhance their innovative capacity through the purchase of enterprise property rights. In addition, we also can encourage enterprises to run other enterprises on a contract basis, thus opening up the new road of the

invigoration of enterprises by other enterprises. 8. It is necessary to give further impetus to the reform of the planning, pricing, goods and materials supply, taxation, and financial systems. The planned control of the supply of goods and materials and the distribution system based on the subordinative administrative relations defined according to the division of regions and departments at various levels can impede the regional and inter-trade transfer of property rights. We should further reduce the scope of mandatory plans, have less goods and materials distributed by the authorities, subject more things to market regulation, speed up the price reforms, particularly the reform concerning the prices of means of production, speed up the establishment and development of the market for the key elements of production, and let the enterprises have more choice, in order to facilitate the development of the enterprise property rights market. The questions of how to adapt financial and taxation work to the changes and effects brought about by the transfer of enterprise property rights, that of whether to retain or cancel the taxation accounts of transferred enterprises, and the problem of separating profits from taxes, and that of reforming the taxation system have yet to be studied.

9. The development of the market for enterprise property rights must be protected by law. Since it is difficult to formulate a standard "law on the transfer of property rights" in short order, we suggest that the relevant departments formulate provisional regulations to handle the specific problems concerning the transfer of enterprise property rights. In addition, the audit, taxation, and notary and other relevant departments should provide the necessary notary, auditing, registration, and other service while enterprise property rights are being transferred and the statistics department should collect the relevant statistical data.

10. It is necessary to strengthen the macroeconomic regulation and control [tiao kong 6148 2235] of the development of the enterprise property rights market. Government should avoid subjecting the "enterprises markets" and "enterprise property rights exchanges" established on an experimental basis in various parts of the country to too much administrative interference. However, the state should, on the basis of its macroeconomic development strategy and business policy [chan ye zheng ce 3934 2814 2398 4595], macroeconomically regulate [tiao jie 6148 4634] the changes in the distribution of ownership types and business types and the regional distribution of enterprises resulting from the transfer of enterprise property rights, in order to make the transfer of enterprise property rights develop in the direction of better production setup, better enterprise organizational structure, and better macroeconomic results.

The development of the enterprise property rights market is a complicated reform that affects many things and involves the interest relationship between various parties and it is being constrained by existing systems.

Therefore, this reform should be carried out in step with other reforms. We should consider it against the background of the overall economic reform, in order to make it develop in the correct direction.

Development of Property Rights Market Explored
HK2805093088 Beijing ZHONGGUO JINGJI
TIZHI GAIGE in Chinese No 4, 23 Apr 88 pp 15-16

[Article by the Price Group of the State Council Development Research Center: "Ideas and Measures on Developing the Market of Enterprise Property Rights"]

[Text] The transfer of enterprise property rights with compensation is on the rise in various parts of the country at present. It reflects the development in breadth and depth of the socialist market system. To push forward in-depth enterprise reform, it is imperative to strengthen research in the theory and policy of the transfer of enterprise property rights.

In socialist commodity economy, the transfer of enterprise property rights is a peculiar form of equal exchange; under the condition of equal trade, such transfer will change the jurisdiction over physical assets, but not the value.

Based on the actual conditions of China's economy, our initial ideas on developing the enterprise property rights market includes the following:

First, developing various forms of enterprise property rights transfer. For example, lateral merger of two enterprises engaged in the production or operation of the same product in the same market; vertical merger of enterprises producing or operating different products but having a series of links in each of their products in the same market; and multiple mergers for the purpose of expanding the enterprise's categories of production and operation as well as the market for the same product, or mergers of enterprises that have no relations with each other in each of their products and the market.

Second, developing various kinds of property rights transferring parties. The reality of multiple ownership and administration at different tiers has decided that the transfer of enterprise property rights should be plural. It is necessary to encourage and to support the transfer of property rights between state-run enterprises, between collective enterprises, and between state-run and collective enterprises, to improve the managerial efficiency of public assets, while allowing state-run and collective enterprises to transfer their property rights between themselves, and small state-run industrial enterprises to transfer their property rights to privately run and individually run enterprises. Besides, the purchase of enterprise property rights by various assets owning parties should be encouraged.

And third, developing multiple forms of enterprise property rights transfer. China's enterprise property rights market should be varied. While developing mergers characterized by purchasing entire assets, we should also develop management in partnerships characterized by purchasing part of the assets. While developing mergers characterized by submitting bids, we should also encourage merging as a way of settling debts by debtors. While allowing active mergers of enterprises with good economic results as an expansion, we should also encourage the purchase of the right to use physical assets. At present, the practice of some enterprises contracting for other enterprises, or some enterprises managing other enterprises on lease is implemented in various places; this is a simple and easy way to transfer the right to use assets, and worthy of promoting and spreading.

To promote the development of an enterprise property rights market, the pressing matter now is to encourage and to support the practice in policy, and to formulate a series of comprehensive measures.

1. It is necessary to gradually stipulate the ownership relationship of state-run enterprises. The prerequisite for an enterprise property rights transfer is to make explicit the enterprise property rights relationship. Before the property relationship of state-run enterprises is genuinely ironed out, we propose that the existing state-owned assets be divided in their ownership between governments at the central, provincial, city, and county levels, based on the reality that China's enterprises are controlled at different levels. Correspondingly, the central government should gradually depend on the managerial results of assets, namely, assets income rate as one of the major indexes for assessment by local governments. Here, it is primarily necessary to make explicit that the property rights of enterprises under the jurisdiction and construction of local governments should go to relative local governments, while letting local governments be in charge of the transfer of enterprises as owners, or sanction enterprises under their jurisdiction to purchase the property rights of other enterprises.

A Separate policy may be formulated concerning the jurisdiction of property rights of enterprises with investments by the central government or joint efforts of the central and local governments in their construction.

2. Gradually developing state-owned operational bodies in property rights. For the smooth development of the enterprise property rights market, governments of various levels may set up a certain number of economic bodies as property rights operational organizations, and the funds derived from selling enterprise property rights should go to the property rights operational organ. With the in-depth development of reform, the assets of existing enterprises will go to the respective property rights operational body with incremental value as their key task. If difficulty should arise in setting up the above-mentioned organizations for the time being, financial

departments at various levels may temporarily function as property rights operational organs, until the conditions for their establishment are ripe.

3. Formulating policies for the administration and operation of funds derived from the transfer of enterprise property rights. In the development of a property rights market, it is necessary to formulate an explicit regulation that funds derived from the sale of enterprises should go to the local governments that own the property rights to encourage governments at all levels to actively support the transfer of enterprise property rights. However, such funds should not be listed in the regular financial revenues of governments at various levels. Their disbursement should be confined to repaying debts of former enterprises, purchasing other enterprises, or supporting the development of production in those enterprises under their jurisdiction that are highly efficient. These funds should not be spent in newly-built enterprises, let alone for constant government expenditures or welfare of workers and staff. The jurisdiction and administration of enterprise property rights purchased by another enterprise with funds collected in ways other than government investments will involve further study.

4. Making appropriate arrangements for the transfer of workers and staff of enterprises. Enterprises of the purchasing party should be responsible for arrangements for the workers and staff of the former enterprises. Workers' treatment may be settled in the following ways: When the transfer of property rights involves state-run enterprises themselves, the workers may maintain their status as state-run enterprise workers; when it involves a state-run enterprise purchasing property rights of a collective enterprise, the contract system may be implemented among workers of the former enterprise; when it involves a collective enterprise purchasing a state-run enterprise, it may adopt the measure of changing the status of state-run enterprise workers and staff with compensation in making arrangements for them. For example, the purchasing party enterprise may pay the workers of the selling party a certain amount of cash or stocks, whereby the status of workers and staff will be changed; if some workers and staff are unwilling to change their status, they may wait for other job opportunities while receiving a subsistence fee on a monthly basis; or the responsible department of the former enterprise will take up the responsibility for their employment.

Arrangements for enterprise cadres of the selling party may come under the above-mentioned measures. The managers of the new enterprise should be invited to their posts by the party who owns the property rights with the implementation of a new wage system.

5. Adopting various ways to fix the prices for property rights transfer. In the transfer of property rights, various ways may be adopted to fix prices for the transfer. Regarding those enterprises that have long suffered from deficits or are on the brink of bankruptcy, the auction

method may be adopted in fixing the price for transfer. On a voluntary basis, enterprises of the same trade or craft or technology may fix the price for transaction or mode of payment through mutual negotiation. Some enterprises that are on the brink of bankruptcy, or whose assets do not cover their loans, may be taken over by the largest creditor enterprise in order of priority. While fixing the price for property rights transfer, all factors should be taken into consideration, such as scrap value, debts, arrangement of workers and staff, and pension payment of the former enterprise. The transaction price should be fixed on the principle of being voluntary and reasonable, with compensation on the basis of weighing these factors in a comprehensive way.

6. Formulating relative credit loan financial policy. Comprehensive measures for financial credit should include the following: First, debt payment of those enterprises on the brink of bankruptcy should be the first priority. These enterprises are in fact, incapable of repaying their debts, while the loans involved have become bad accounts. To make things easier for them in their transfer, it is suggested that the bank arrange liquidation of enterprises in this category, and change the nominal financial claim into realistic and usable funds on the basis of appropriate verified debt reduction, so that such enterprises may have a chance of rebirth, while giving play to the effects of existing funds. Second, the bank should support property rights transfer in its credit policy. It is suggested that the construction bank set up special credit for property rights transfer. And third, apart from encouraging enterprises to purchase property rights with their own funds, enterprises with bright prospects should be allowed to collect their funds to purchase property rights on their own or issue bonds or stocks with the assistance of the bank.

7. Combining property rights transfer with reform of the contracted responsibility system. In the course of further implementing the contracted responsibility system, various localities should refrain from "requiring unanimity in everything," but combine property rights transfer with reform of the contracted responsibility system. Either the contracted responsibility system or property rights transfer may be implemented in those enterprises involved, depending on which most suits their conditions. In the course of implementing contracted responsibility, the operational scope of enterprise assets should be listed as one of the indexes in the contract, while those enterprises that are operating well should be encouraged to purchase enterprise property rights and to expand the scope of their assets and capability of blazing new trails. It is necessary to encourage the method of one enterprise contracting for another, and to find a new path for one enterprise invigorating another.

8. Pushing forward reforms of planning, materials and equipment supply, prices, financial and tax revenue structures. The planning, material and equipment control and distribution structures determined by the administrative jurisdiction relationship characterized by

the separation of localities from departments will impede the implementation of property rights transfer transcending localities and trades. In the course of reform, it is necessary to further reduce the scope of mandatory planning and material and equipment distribution, to expand the proportion of market regulation, to further push forward price reform, especially price reform of production materials, to enlarge the range of choice for enterprises, and to step up the development and formation of the market of production essentials, so as to promote the development of enterprise property rights market. It is also necessary to study finance and tax revenues. Besides, it is imperative to strengthen macrocontrol and legal guarantees in order to develop the enterprise property rights market.

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HK0506065688 Beijing RENMIN RIBAO
in Chinese 27 May 88 p 2

[Article by RENMIN RIBAO reporter Jiang Shaogao (3068 4801 7559): "'Three No-Changes' Must Be Changed—On a Rope Which Ties the Development of Enterprise Groups"]

[Text] In May, the State Commission for Restructuring the Economic System held a forum on enterprise groups in Luoyang. Representatives from more than 60 enterprise groups gathered together at the forum to discuss policies for consolidations and further development. The hottest topic for discussion was: The "three no-changes" (meaning, no change in ownership, no change in subordinate relations, and no change in the channels for turning over revenues) have seriously obstructed the development of enterprise groups.

We can cite many examples of this:

The Fenghuang Group is a transregional and transdepartmental combination. But since the original subordinate relations between various members as well as their legal entity positions and the channels for turning over revenues cannot be changed and the leading factory has not adopted effective measures to improve administration and harmonize relations, many contradictions and problems have emerged, such as the scheduled production target is not reached, the scale of investment is hard to control, the development of new products is restricted, the effort to earn more foreign exchange through export is not made in a unified way, and the production of spare parts is not developed simultaneously.

The Changfeng Group, which has 140 member units, was granted approval by the Gansu provincial government to grant its intensive-type members with independent decisionmaking power in planning beginning in 1988, but since the original department in charge of material supply and production targets are reluctant to shift the relevant power to these units, this plan cannot be carried out.

A weighing apparatus plant in Chongqing has repeatedly demanded to be allowed to join the Silian Instrument and Meter Group as it is very close to the group and is producing similar products. This has been rejected by the competent authorities, and the plant director, who approved joining the group, has even been dismissed from his post.

In Shanxi Province, the Taiyuan Iron and Steel Complex and the Taiyuan Wire Rod Factory have demanded the right to form an association. But since they are subordinate to different departments and have different channels for turning over revenue, and since the relevant provincial and city departments have each stuck to its own view in order to protect their respective interests, the signing of an agreement on this association has been delayed for 2 years.

Now it is time for us to make a change in the "three no-changes," which is tying-up the development of enterprise groups like a rope.

The principle of "three no-changes" was put forth at the beginning of developing lateral economic ties. It played a positive role at that time, that is, it helped reduce clashes between the development of lateral economic ties and the old structure and facilitated this development. However, as the lateral economic ties have developed into a stage of enterprise groups, this principle has also become an obstacle for the consolidation and development of enterprise groups, making them unable to advance or even go backwards. It is thus obvious that the "three no-changes" should be changed.

How do we change the "three no-changes?" The first thing to do is to change our concept.

In the contemporary world, since the strategy of enterprise operation is developing toward internationalization, it is not only necessary but imperative for us to organize and develop enterprise groups in our country. Enterprise groups have superiority in many fields, including personnel, technology, equipment, management, and information. First, they can bring along large numbers of medium and small enterprises to develop at the same time and are conducive to readjusting the irrational organization structure of enterprises. They are also conducive to enhancing the economic strength of our country. Second, as scientific research is closely linked with production in enterprise groups, it is conducive to our effort to catch up with the pace of the new technological revolution of the world and narrow the gap between our country and the developed countries in the technological field. Third, since an elastic mechanism has been gradually established in enterprise groups in order to suit the multi-layered and diverse market environment, the competitiveness of enterprise groups in the international market has been strengthened. Fourth, as both macroeconomy and microeconomy are linked with each other in enterprise groups, the transparency of

macroeconomic control can be increased while intensification and regularization of enterprise operations are promoted. This is conducive to readjusting the setup of production and ensuring the national economy develops harmoniously, in proportion, and in a planned way. At present, however, due to the influence of the product economy and the small production mentality, some areas have continued to close themselves to the outside and are paying attention only to their immediate interests. If these old ideas and old concepts are not changed, it will be difficult to solve the problem of incompatibility between the old structure and the development of enterprise groups.

As a matter of fact, many seemingly complicated problems can be easily solved if they are measured with the criterion of whether they are conducive to the development of productive forces. When we are clear about this fundamental question, we will surely be able to find a way out by either "breaking through" or "making adaptations." In the past, under the similar condition of "three no-changes," the Mashengli Papermaking Group contracted 36 paper mills. In this way it saved a number of enterprises which were suffering various difficulties due to inappropriate management and enhanced the strength of the group. The Wanbao Electrical Appliance Group was established by three enterprises. At the beginning, due to the principle of "three no changes," it encountered many difficulties in finance and management. Later, as the participating enterprises injected some of their original funds (including some money paid for individual shares) into the group's registered capital and jointly carried out production and management, the integration of funds and management was realized. Four local enterprises in Jilin Province have also adopted the method of combining stock with assets and joined the "First Automobile" Group. In this way, the contradictions between local government and enterprise groups was more satisfactorily solved. The "three no-changes" can be changed more completely by transferring the property right of enterprises or merger of enterprises. At present, according to the statistics of 17 provinces and municipalities, more than 300 enterprises have already transferred their property rights. This has forcefully promoted the development of lateral economic ties and provided more channels to choose from for the formation of the "nucleus" of the enterprise groups. Practice proves that contracting enterprises, the joint stock system, and the transfer of property rights are all conducive to the development of productive forces. As the managers are doing things more courageously, more and more fresh experiences are being created. Originally there were no ready experiences and examples for the production, consolidations, and development of the enterprise groups. Provided the managers are wise and capable and can make full use of the existing conditions and policies, they will surely be able to create new experiences.

To make a change of the "three no-changes" is a key problem which decides whether the enterprise groups can continue to develop or go backwards. It concerns

many aspects of the economic structural reform. Some problems cannot be totally solved through the efforts of a certain department or a certain area, but can be solved through the joint efforts of both the central and local authorities and both the government and the enterprises. In this regard, the relevant government departments are required to change their functions and free themselves from the yoke of the old central and regional systems of management. They are required to separate ownership from management and hand over the power of management to the enterprises. Thus, the green light will be turned on for the development of enterprises and enterprise groups. On the other hand, the enterprise groups must also do a good job in their self-reforms and establish a flexible and perfect operational mechanism. Otherwise they will be unable to make use of the good external conditions. Having understood the importance of strengthening their reforms, the "Second Automobile," "Tianfu Coke," and some other enterprise groups are now making further efforts to harmonize various internal relationships, including the leadership structure, management structure, and the distribution system. At the same time, they have shifted their attention to strengthening some basic work, such as improving the quality of workers, promoting technological progress, and conducting modern management, and are making concrete efforts to increase their economic returns so as to build a solid foundation for the development of enterprise groups.

Reform means exploration and creation. We believe that in the course of their development, the enterprise groups, which represent the new productive forces, will be able to grow up like spring bamboo shoots and get rid of all obstacles with their great internal strength.

Industry Ministry To Form Big Enterprise Groups
OW0706055788 Beijing XINHUA in English
1424 GMT 6 Jun 88

[Text] Beijing, June 6 (XINHUA) — The Ministry of Light Industry will form at least 11 large enterprise groups by the end of the year to increase productivity and efficiency in the production of consumer goods in China.

The groups will involve producers of household appliances, bicycles, drinks and breweries, chemical industry products, plastic knitting, and light industry machinery, a ministry official said.

The move aims to boost exports and stimulate domestic markets.

The official cited the example of the Wanbao Electrical Enterprise Group in Guangdong Province which was formed this April, one of the first big enterprise groups in China.

The group consists of about 40 enterprises producing more than 100 products, mostly household appliances. Their combined annual output is 1.8 billion yuan.

The official said 109 production groups in light industry have been set up in recent years, but most have been smaller groups with a yearly output value of less than 100 million yuan.

Only 3 larger groups, like Wanboa, have been formed with an annual output value of more than 1 billion yuan.

The official said most of the smaller groups are combined loosely in their management planning, fiscal plan, and personnel arrangements.

Now, the ministry has decided to wrap these smaller ones into bigger ones, so that research, education, equipment, material supply, sales, and post-sale service can be better provided.

The groups will become the pillars of China's light industry, he said, and will increase China's competitiveness on the world market.

Shipbuilding Contracts for Foreign Firms Signed
HK0306144488 Beijing CEI Database in English
3 Jun 88 [China Economic Information (CEI) Database]

[Text] Beijing (CEI)—China has signed contracts with foreign firms to build 21 ships, all ordered in the first five months of this year, an official from the China State Shipbuilding Corporation (CSSC) announced here today.

They include three 64,000-dwt sundry cargo ships, a 62,000-DWT oil tanker and a 52,000-dwt oil storage tanker.

The orders came from the United States, Britain, Denmark, Chile, Japan and Hong Kong, the CSSC official said.

The ships, to be designed and built by China's Jiangnan, Hudong, Zhonghua, Guangzhou and Donghai shipyards, will use China-made engines and are expected to be completed by 1990, the official said.

Commentator on Development in Coastal Areas

Balance of Development Viewed
HK0506055888 Beijing RENMIN RIBAO in Chinese
25 May 88 p 1

[Commentator's article: "Develop the Coastal Areas, Promote National Development—Fourth Commentary on the Strategies for Economic Development in Coastal Areas"]

[Text] Does the realization of the strategies for economic development in coastal areas concern only the coastal areas themselves? No. It is an overall strategy, for a slight move in one part may affect the situation as a whole.

The formulation of the strategies for economic development in coastal areas signals the extension and deepening of China's opening to the outside world. Opening to the outside world is a general goal. Both the coastal areas

and hinterland should open to the outside world. Only, the coastal areas are one step ahead, with a longer stride at that. The State Council has recently decided to further expand China's open coastal economic zones, to adopt a more open policy regarding Guangdong, Fujian, and Hainan Island, to set up comprehensive experimental zones for reform and opening up, and to build Hainan into China's largest special economic zone. The newly expanded areas, including Liaodong and Shandong Peninsulas, and other coastal areas will link the original special economic zones, the 14 open coastal cities, the Chang Jiang and Zhujiang Deltas and the Southern Fujian Delta region, thus forming a coastal belt at the forward position running from north to south. The coastal belt at the forward position will develop export-oriented economy to further explore overseas markets. This will inevitably affect the hinterland, while gradually pushing forward China's opening to the outside world in a rolling movement from east to west.

The coastal areas and the hinterland have always depended on each other. When the coastal areas implement the principle "to put two ends abroad," namely, to import more capital, technologies, and raw materials, and to export the products, it does not mean that the economy of the coastal areas will be out of step with the hinterland. Although the coastal areas will implement the principle "to put two ends abroad" in developing export-oriented economy, they will continue to maintain and develop economic ties of all forms with the hinterland. Such ties are not only helpful but indispensable to the development of both the coastal areas and the hinterland. Regarding some exports, if coastal areas use natural resources from the hinterland, production costs will be relatively lower than imported raw materials. This will improve their competitiveness in the world market. Those provinces rich in natural resources in the hinterland will benefit from it, and be most willing to do so. The demand-supply relationship to a certain point between the coastal areas and the hinterland will naturally be maintained.

The coastal areas as well as the hinterland will share the opportunity alike. The hinterland should also take action to firmly grasp, and to take advantage of the precious opportunity. When the coastal areas further explore overseas markets, some of the raw materials and domestic markets will naturally be left to the hinterland. This will in turn create good conditions for the economic development of the hinterland. Some comrades of the hinterland believe that when the coastal areas develop export-oriented economy, the imbalance in regional economic development will be aggravated with greater contradictions. Such a view is one-sided, because it has neglected the other side of the issue, namely, positive imbalance is a negation of negative imbalance, and progress at that. A new and positive balance will take shape on the basis of positive imbalance. The coastal areas take the lead in developing export-oriented economy and in becoming prosperous. They will inevitably

bring forward the economic development of the hinterland. On the issue of regional development, the relationship of dialectic unity also exists between "getting rich first" and "common prosperity." Provided that nobody could get rich, we would rather have someone get rich first, then others could follow in his footsteps. With the implementation of the strategy for economic development in coastal areas, we believe, the historical condition in which China's eastern coast, which has been comparatively developed, and its west areas, which have been comparatively backward, will undergo quicker changes. Comrades of the hinterland should stop envying the coastal areas for their opportunity in developing export-oriented economy, and regard this opportunity as a chance to step up their own development, and to grasp it as a key to prosperity, to gradually narrow the gap between them and the coastal areas.

Of course, narrowing the gap between coastal areas and the hinterland cannot be achieved overnight, and we should not act with undue haste. Comrades of the hinterland should have a clear picture of their position and role, soberly analyze their advantages and disadvantages, and draw up their own strategies for economic development suitable to local conditions by taking a panoramic view of the world, starting with China based on one's own province. Regarding the hinterland, "it is necessary to play a good part as the 'setter,' and to support the 'ace spiker.'" Comrades from Inner Mongolia have put it well in a metaphor. They have the precious spirit that stands for an overall point of view. China's vast hinterland possesses the advantages in natural resources along with a certain industrial foundation. It is entirely possible for them to provide the export-oriented economy of the coastal areas with suitable raw materials, semiproducts, and primary products, while developing themselves. With an outstanding "setter," the "ace spiker" will play even better. Should comrades of the hinterland worry about their future when the coastal areas become prosperous?

When coastal areas become prosperous, the hinterland will also rise in prosperity. In realizing the strategies for economic development of the coastal areas, both coastal areas and the hinterland should adopt correct methods to handle well the relationship between themselves. Regarding coastal areas, they should actively do a good job in the lateral economic ties with the hinterland based on the principle of mutual benefits and equal exchange, while working hard to develop export-oriented economy. This is not only out of the need to support the hinterland, but to develop coastal areas themselves. As soon as coastal areas have steady support of the hinterland with a rather strong economic strength, they will march into the overseas markets with longer stride. At the same time, to give play to their role as display windows, coastal areas should work hard at digesting and transferring advanced imported technologies for the hinterland as well as selecting and transplanting advanced foreign managerial experiences, explore the way of promoting

reform with opening up and pushing opening up forward with reform, and unfold active exchanges with the hinterland in qualified people, information, technology market, and funds.

With the coastal areas acting as vanguards, and the hinterland closely following in their footsteps, the advantages of both coastal areas and the hinterland will join forces; then the formula will inevitably become 1 plus 1 is greater than 2 instead of 1 plus 1 is equal to 2.

Various Development Strategies Seen
HK0506060288 Beijing RENMIN RIBAO in Chinese
27 May 88 p 1

[Commentator's article: "Seize the Opportunity To Develop Coastal Labor-Intensive Industries—Fifth Commentary on Coastal Economic Development Strategy"]

[Text] The rise of the flourishing labor-intensive industries catering to the international market in the coastal areas, represented by the Zhujiang Delta, in recent years has boosted the development of the local economy. The four counties and city including Dongguan, Baoan, Shunde, and Zhongshan in the Zhujiang Delta are also called as Guangdong's "four small tigers." Practice of these localities has fully indicated that promptly developing labor-intensive industries is an essential means for the coastal areas to develop an export-oriented economy.

We now have the golden opportunity to develop labor-intensive industries. Some developed countries are readjusting their industrial setup and shifting their labor-intensive industries outward. The Asian-Pacific region has always been a region where labor-intensive industries of all countries converge. Some countries and regions here have joined the ranks of the developed countries because of the rise in the value of their currencies and a sharp increase in production costs. Like "water flowing downward," labor-intensive industries will definitely shift to places where labor is cheap. Besides cheap labor, China's coastal areas have sound basic facilities and good quality labor. Their ability to develop science and technology also outstrips that of many developing countries. Thus, they have favorable conditions to attract foreign investment.

Like the interior, rural labor in China's coastal areas will have to shift from agriculture to the second and tertiary industries on a large scale. If the shift is possible, it can be turned into wealth. Otherwise, it may become a "burden" on rural areas. The rise of township enterprises over the years became a big "vacuum cleaner" absorbing surplus rural labor. As the interior scrambled with the coastal areas for raw materials and markets, the speed of this "vacuum cleaner" slowed down. By developing labor-intensive processing industries in the coastal areas where both ends of the production process are put on the world market, we can mitigate the contradiction and absorb more rural labor from the coastal areas and the interior. This will benefit the export-oriented economy

of the coastal areas as well as the rural and national economies as a whole. The situation at home and abroad has proved that the development of labor-intensive processing industries in the coastal areas is imperative and will bring forth many advantages. Since we can kill several birds with one stone, why not go ahead with it?

Some people say that it is not worthwhile to process and export labor-intensive production because they are of low quality and can turn out little profit. This is not true. Although capital- and technological-intensive industries are good, we cannot develop them regardless of our actual conditions. Although labor-intensive industry constitutes a low level, it is the only way for developing countries to reverse the trend of their backward economy. We should not look down upon the effect of labor-intensive industry. Did Japan and the "four small tigers" in Asia not rely on it to realize their economic takeoff? The upgrading and maturity of labor-intensive industry should also undergo a process from small to big and from a low to a high level. Moreover, labor-intensive and technological-intensive are not mutually exclusive. Labor-intensive does not mean that the products will be crude and inferior in quality. China's textile exports ranked first in the world in recent years. However, its foreign exchange earned through textile exports ranked 10th. Hence, there are latent potentials in upgrading product quality and increasing the value of products. It should be noted that the development of an export-oriented economy will be impossible by merely relying on foreign exchange earned from "goods sold in stalls." The competition in labor-intensive products in the international market is a competition in product quality and variety rather than in labor cost. Only by attaching importance to scientific and technological progress, improving product quality, and manufacturing a number of leading products can we get a firm foothold in the international market. Therefore, while giving full play to the backbone role of the large- and medium-size state enterprises in the coastal areas, we should make strenuous efforts to combine the scientific and technological forces of both the coastal areas and interior with township enterprises and gradually instill technological factors into labor-intensive industries.

To develop labor-intensive industries, it is necessary to take note of preventing labor costs from increasing rapidly. At present the labor cost tends to increase in some localities. These are the reasons for this: First, the excessive increase in consumption funds; and second, a large number of supernumeraries in enterprises with low productivity which has relatively increased labor costs. Some people hold that it will be better to have more workers to develop labor-intensive industries. This is a misunderstanding. We should be ready to sacrifice our immediate interests to curb the irrational growth in consumption funds, resolutely eliminate the phenomenon of "five people doing the work of three," never support the "idle persons" and "lazy bones," and increase input, output, and labor productivity. It should be noted that the advantages of our labor-intensive

industries are relative and not absolute. Regarding the unit costs of products, our average level is even higher than that in Hong Kong. For this reason, we should make further efforts to strengthen enterprise management, enhance training of laborers, and strive to increase labor productivity.

While developing labor-intensive industries, the localities and departments should not rush headlong into mass action. Before developing a project, they should make comprehensive feasibility studies. It is necessary to strengthen planning and management work related to the development of labor-intensive industries. While

attracting foreign investment, we should take particular note of preventing the localities and departments from vying with one another in offering preferential policies, resulting in the third party benefiting from the tussle.

In the worldwide shift of labor-intensive industries, there is full of competition and risks. The golden opportunity also constitutes a stern challenge. Labor-intensive industry will not come out of itself. The competition in this regard will be inevitable. We should adopt an attitude of holding responsibility to China's historical development and try to win the opportunity and success with a firm and tenacious pioneering spirit.

East Region

Anhui's Lu Rongjing Attends Children's Gathering
OW0606130488 Hefei Anhui Provincial Service
in Mandarin 1000 GMT 1 Jun 88

[Excerpts] It is International Children's Day today. The Anhui Provincial CYL Committee and the Hefei City CYL Committee held a grand get-together to mark the event in the provincial stadium this morning. Leading comrades of Anhui Province and Hefei City and some outstanding plant directors and enterprise managers joyfully attended the children's gathering. [passage omitted]

Led by Lu Rongjing, provincial party secretary and governor, they joined the children in a tug-of-war and a dance. [passage omitted]

Fujian To Complete Key Construction Projects
HK0606140788 Beijing CEI Database in English
6 Jun 88

[China Economic Information (CEI) Database]

[Text] Fuzhou (CEI)—Six key projects using foreign technology and equipment will be put into operation in the second half of the year in Fujian Province, Fujian Construction Committee revealed recently.

They are: The Fuzhou thermal power plant which has imported two 350,000-KW generating sets from Japanese Mitsubishi Corporation, the Shunchang Cement Factory which has imported machinery from Australia, the Xiamen sensitive material project which has imported equipment from American Kodak Corporation, the Yong'an-Zhangping section of Yingtan-Xiamen electric railway, the second generating set of Shaxikou hydraulic power plant and the Fuzhou fertilizer factory which has imported forges from Japan.

After going into operation these projects will provide the province with another 800,000 kilowatt installed capacity of electricity and produce 700,000 tons more of cement per year. The traffic in the province will also be improved after the Yong-Zhang railway is electrified.

Jiangsu's Nantong Port To Undergo Expansion
HK0606135388 Beijing CEI Database in English
6 Jun 88

[China Economic Information (CEI) Database]

[Text] Nanjing (CEI)—Nantong Port in Jiangsu Province, one of China's ten largest ports, will be expanded in the fourth quarter of this year.

The expansion project, located at the Langshan Harbor of Nantong, will involve a total investment of 210 million yuan. It will include a 25,000-DWT bulk cargo berth, two regular berths and supporting facilities for transportation on the Yangtze and other inland waters.

Another 8.4 million tonnage will be added to the annual handling capacity of the port when the project is completed.

Nantong Port is located at the mouth of the Yangtze River and an ideal diversion port for Shanghai. It has three loading districts: Tiansheng, Nantong and Langshan, three deep-water berths for vessels of 10,000-DWT, and 11 transit berths for ocean-going vessels.

The port's transaction capacity last year reached more than 10 million tons. It has established direct voyage connections with 36 ports from some 30 countries and regular container lines with Hong Kong and Kobe in Japan.

Jiangxi Cuts Grain Purchase, Ends Pig Procurement
OW0606141288 Beijing XINHUA Domestic Service
in Chinese 1448 GMT 3 Jun 88

[By reporter Yang Mushou]

[Text] Nanchang, 3 Jun (XINHUA) — The Jiangxi provincial party committee and government decided today that, beginning with the 1988 grain year, the province will reduce sharply the purchase of grain sold to the state at fixed prices instead of negotiated prices as before. Beginning tomorrow, plans for procuring and delivering pigs to the state will be abolished.

Jiangxi currently purchases 820 million jin of grain (trade grain) at fixed prices. Besides cutting down the purchase to 220 million, the province will also pay higher prices for the purchase. After abolishing the plan of procuring and delivering 1 million head of pigs to the state, supply of pigs will be regulated by the market. To enliven the pig market, various forms of pig production are encouraged.

This measure will help further promote commodity production in the rural areas. To stabilize commodity prices in urban and rural areas, the provincial authorities also declared that the prices for contracted grain purchase, the selling prices of grain sold in urban and rural areas according to plan, grain rations for urban residents, and the prices of such grain will remain unchanged.

Shandong Enterprises Increase Personnel Autonomy
HK0606135788 Beijing CEI Database in English
6 Jun 88

[China Economic Information (CEI) Database]

[Text] Beijing (CEI)—Qingdao Port in Shandong Province has published regulations to guarantee that the city's foreign-funded enterprises shall have full autonomy in personnel management.

Under the new regulations, personnel policies are to be decided by the board of directors of each foreign-funded enterprise. Enterprises have the power to hire workers and recruit skilled workers from other cities if they can't be found in Qingdao.

Foreign-funded enterprises may also put a probationary period for newly hired employees, terminate contracts, award and punish employees, and fire workers who violate discipline.

The regulations also stipulate that employees of foreign-funded enterprises should enjoy proper unemployment insurance and other social welfare benefits.

Shandong Finds Foreign Investment Center
HK0606144788 Beijing CEI Database in English
6 Jun 88

[China Economic Information (CEI) Database]

[Text] Jinan (CEI)—A newly founded foreign investment administration and service center has been put into operation recently in Qingdao, Shandong Province.

The center has the right to approve foreign investment projects under 30 million U.S. dollars. It will help foreign-funded enterprises solve problems during procedures of preparation and operation, provide legal and consulting services and protect the lawful rights and interest of foreign investors in the city.

This center is also responsible for guiding and supervising lower levels of concerned departments in examining and approval of foreign investment items.

Qingdao has signed more than 60 contracts for joint ventures and cooperation production with business people from nine countries and regions. 46 projects with a total investment of 197.36 million U.S. dollars have been approved.

Shanghai Carries Out Foreign Contract Work
HK0606140588 Beijing CEI Database in English
6 Jun 88

[China Economic Information (CEI) Database]

[Text] Shanghai (CEI)—Shanghai has signed 25 contracts with foreign countries in the first quarter of this year to provide labor services and carry out contract projects. The contracts involved a total of 80.28 million U.S. dollars, which is seven times that of the same period last year.

Shanghai has provided skilled workers and technicians to more than 30 countries and regions such as the United States, Canada, Australia, Japan and Thailand. The services cover fishery, tailoring, telecommunications, building of Chinese gardens, acupuncture and cooking.

In 1987, Shanghai carried out 64 contracts to the tune of 57.16 million U.S. dollars.

Shanghai Mayor Heads Investment Committee
OW0706065188 Shanghai City Service in Mandarin
0900 GMT 4 Jun 88

[From XINMIN WANBAO]

[Text] The Shanghai Municipal Foreign Investment Work Committee, headed by Mayor Zhu Rongji, starts work today. Crack personnel, transferred from relevant departments, reported for duty at this new organization this morning.

According to sources, this committee will be officially inaugurated about 10 June, thereby putting an end to the objectionable past practice of having to make a "document tour" to obtain nearly 100 stamps for the examination and approval of foreign investment. With the authorization of the municipal government, this committee will use only one stamp to examine and approve foreign investment between U.S.\$5 million and U.S.\$30 million, as well as restricted projects under U.S.\$5 million.

Mayor Inspects Shanghai Garrison District
OW0706064588 Shanghai City Service in Mandarin
2200 GMT 2 Jun 88

[Text] Shanghai Mayor Zhu Rongji and Vice Mayor Ni Hongfu made a special trip to the Shanghai Garrison District yesterday to familiarize themselves with the development of Army units, militia, and reserve forces in the garrison.

Ba Zhongtan, Yang Zhifan, and Ren Yonggui, respectively commander, political commissar, and deputy commander of the garrison district, reported separately on the constant innovation and progress made in the development of Army units, militia, and reserve in the garrison district under the leadership of the Nanjing Military Region, the Shanghai municipal party committee, and the municipal government, as well as new problems which have emerged in the new situation.

After carefully hearing the reports, Mayor Zhu said: The Shanghai Garrison District has done much work and scored good results in national defense, preparedness against war, education and training, and in joint Army-civilian activities to develop the two civilizations. The relationship between the Army, the government, and the people in Shanghai is harmonious. I hope you will continue to display fine traditions, redouble efforts, and make fresh contributions to safeguarding and revitalizing Shanghai.

Mayor Zhu also briefed the Army comrades on Shanghai's present economic situation, production, and construction. He noted that local economic development is associated closely with Army units, and urged all to work with one heart and one mind, and fight in unity.

When the garrison district's leading comrades talked about the practical problems faced in the development of Army units, militia, and reserve forces, Mayor Zhu said local governments at all levels should show concern and support, and render assistance in solving these practical problems.

Central-South Region

Guangxi Stock Exchange Market Starts Business
HK0706000488 Beijing ZHONGGUO XINWEN SHE
in Chinese 1147 GMT 2 Jun 88

[Report by Cai Xiping (5591 1585 1627): "A Stock Exchange Market Starts Business in Nanning"]

[Text] Nanning, 2 Jun (ZHONGGUO XINWEN SHE)—A large number of customers filled the stock exchange square opened recently by the Guangxi Trust and Investment Company. On the first day, yesterday, transactions concluded in the stock exchange square amounted to almost 100,000 yuan.

Nanning has resumed its stock exchange activities after almost 40 years of suspension. Five stock exchange squares (departments) in the city started business yesterday. For the time being, business dealings in these squares (departments) only involve the selling and buying of state treasury bonds issued in 1985 and 1986. The situation in these squares (departments) is the same: State treasury bonds with a face value of 100 yuan can be sold at 105 yuan each, and customers are required to pay 1.5 percent "procedural fees" when buying state treasury bonds from the stock exchange squares. Customers gain no profit from selling state treasury bonds issued in 1986.

As revealed by a person in charge, for the time being the authorities have to unify prices in the stock exchange market out of consideration for the mental strains of the citizens, because most people under 50 have never heard of stock exchange business. In the future, however, the stock exchange business will be allowed to proceed according to the law governing financial activities.

Henan Sets Up Economic Development Zones
OW0706092288 Beijing XINHUA in English
1148 GMT 6 Jun 88

[Text] Zhengzhou, June 6 (XINHUA) — Henan Province has set up economic development zones in Zhengzhou, the provincial capital, and Luoyang, an ancient city.

Provincial Governor Cheng Weigao said today the two zones are in suburban areas, surrounded by industrial plants and research institutions.

Infrastructure is being built to establish zones of one square kilometer. The work is to be completed in 1990. Eventually the zones will have an area of 10 square kilometers.

Cheng said the zones will concentrate on an export-oriented economy and hope to attract foreign-funded enterprises and processing businesses.

Preferential policies will be offered to encourage foreign investment, he noted.

Zhengzhou is one of China's leading textile centers while Luoyang is known for its machine-building industry and has the country's largest tractor plant. The two cities produce 18 percent of the province's total output value.

Hubei Stresses Cracking Down on Crime
HK0506012888 Wuhan Hubei Provincial Service
in Mandarin 1130 GMT 2 Jun 88

[Excerpt] A provincial meeting of prefectural and city public security department and bureau directors, which concluded yesterday, demanded that public security cadres and policemen adopt effective measures promptly to crack down resolutely on illegal, criminal activities and to check the rise in major criminal cases.

In analyzing the current public security situation, the meeting noted: Recently, there was a large increase in major criminal cases, violent cases occurred frequently, there were robberies, and there was also an evident rise in crimes committed by hooligan groups, thus jeopardizing seriously public security in a few areas.

The meeting stressed: In those areas where criminal elements have been swollen with arrogance and where the masses have shown strong reactions, leaders of local public security organs must pitch into public security work personally and organize crack forces to strike powerful blows at criminals. [passage omitted]

Southwest Region

Guizhou Meeting Discusses People's Congress Work
HK0706013788 Guiyang Guizhou Provincial Service
in Mandarin 2200 GMT 6 Jun 88

[Excerpts] A provincial meeting on People's Congress work opened in Guiyang on 6 June. [passage omitted]

Zhang Yuhuan, chairman of the provincial People's Congress Standing Committee, delivered a speech. He said: The current-term people's congresses are facing a series of new contradictions in the course of the replacement of old systems by new. The development of socialist commodity economy and the building of socialist democratic politics also raise a series of new questions. In their work, the people's congresses must adhere to one core and two basic points. In accordance with the demand for developing socialist commodity economy,

the people's congresses must promote and ensure the smooth progress of economic structural reforms. At the same time, we must perfect the functions of the people's congresses and their standing committees and promote the democratization of the congresses in accordance with the demand for political structural reform.

On the main tasks of the current-term people's congress standing committees, Zhang Yuhuan stressed: In accordance with the people's desires, we must set up linked local state organs. We must perfect the people's deputy liaison system and ensure the rights of the people's deputies in managing state affairs. We must attach importance to the building of grass-roots political power, establish the villagers' committees and put them on a sound basis, and give full scope to the role of grass-roots autonomous mass organizations.

Sichuan Urges No Price Hikes for Grain, Oil
HK0706015788 Chengdu Sichuan Provincial Service in Mandarin 0000 GMT 7 Jun 88

[Excerpts] The Sichuan Provincial Price Bureau issued a circular to all city and prefectural price bureaus at the beginning of June. The circular stressed that it is essential to further strengthen controls over prices of urban residents' ration of grain and oil; no locality is permitted to change arbitrarily the prices of these commodities. [passage omitted]

The circular demanded further strengthening of supervision and inspection. The departments concerned must continue to investigate and deal with instances of indiscriminate and disguised price hikes, so as to ensure the normal progress of price reforms.

The circular also stressed that the province is now in the silk cocoon procurement season. The price departments in the key cocoon-producing areas must concentrate forces for inspecting the cocoon procurement prices, in accordance with the spirit of the provincial government's urgent circular. It is essential to prevent a rush to buy cocoons at inflated prices and avoid a cocoon war.

North Region

Student Posters Attack Zhao, Corruption
HK0406023588 Hong Kong SOUTH CHINA MORNING POST in English 4 Jun 88 p 1

[By Marlowe Hood in Beijing]

[Text] Students put up illegal wall posters at Beijing University yesterday shortly after nearly 2,000 students had marched 16 kilometres across the capital in a predawn protest over the murder of a fellow student by a gang of youths.

One of the posters, many of which were smeared with red paint to symbolise blood, criticised Communist Party General-Secretary Zhao Ziyang, while others attacked the Government for failing to curb a rise in violent crime that has claimed the lives of three Beijing students in a year.

"Can it be we will have to wait until a student from Zhao's home county is killed before we get protection?" asked one poster signed "a group who dares to speak out".

"No," it exhorted. "The reason so-called great people are great is because we kneel to them. Stand up at Tiananmen Square."

"Under-graduates have been killed at the International School of Business and Finance and Beijing University has been snuffed out," read one. "Who will be next? Our Government is ineffective."

A list of student demands presented to a Public Security Ministry official included the call for a speedy resolution of the case, that the Mayor of Beijing attend the funeral, security on the campus be improved, the case be accurately reported in the press, and the accused killers be tried publicly on the campus of Beijing University.

The Beijing Public Security Bureau, which has already made two arrests and is looking for a third suspect, said a representative of the city government would attend the funeral and that other demands would be considered, except for the location of the trial.

No students were arrested during the march although police vehicles kept a close watch on proceedings.

BEIJING DAILY reported the murder yesterday, as did the NEW CHINA NEWS AGENCY, which also carried a short item on the march.

An especially critical wall poster put up yesterday attracted several hundred readers. It condemned corruption among officials and suggested that Mr Zhao himself was not above reproach.

"Our high Government officials are stealing and grabbing money, but, because they also control the media, they can make themselves look virtuous and great," it read.

"Young intellectuals and the common people only have the power to nod their heads in approval. When will the Government take measures to ensure our safety?"

Another poster used the killing to protest against the "slow murder" of intellectuals by giving them low pay. Teachers are among the worst-paid groups in urban society.

The posters were, however, largely devoid of the abstract appeals for human rights and freedom of expression that characterised nationwide demonstrations in December 1986. Those protests led to a severe crackdown and the campaign against bourgeois liberalisation last year.

Corruption has become an extremely sensitive issue in China. "Reform hinges on a stable social environment," said a statement released after a rare enlarged Politburo meeting this week. "Party and Government institutions should be kept honest, ideological work should be restructured and reinforced, and the legal system should be strengthened."

Recent surveys have shown that many Chinese consider widespread corruption, not inflation, as the number one problem in China.

The murder occurred on Thursday morning outside a restaurant near Beijing University when geophysics graduate student Chai Qingfeng became involved in an argument with several men, who beat him severely.

A similar incident at another university in Beijing in December sparked a student protest march, soon after which a man was arrested and executed.

WEN WEI PO on Beijing Student Demonstration
HK0406032888 Hong Kong WEN WEI PO
in Chinese 4 Jun 88 p 1

["Special Dispatch From Beijing" by Liu Jui-shao (0491 6903 4801) and Juan Chi-hong (7086 4764 1347): "The Whole Story of the Beijing University Student Demonstration"]

[Text] Beijing 3 Jun—At 2300 (Beijing Summer Time) yesterday, university students in Beijing marched toward Tiananmen Square in a demonstration and began a sit-in before the Ministry of Public Security. They left at 0515 this morning. The 6-hour action was to protest the killing of one of their colleagues. They continued talking about the current incident on the campus today.

Students' Eight-Point Demand [subhead]

Yesterday evening some 1,000 students arrived at the Ministry of Public Security and sent their representatives to talk with relevant officials. The students presented eight demands. They demanded: 1) The arrest of all criminals at large as quickly as possible; 2) The criminals in question should be put on open trial on the Beijing University campus; 3) The police substation on Beijing University campus be reorganized; 4) The Public Security minister and the Beijing Municipal Public Security Bureau director apologize to Beijing University students; 5) News media be allowed to publicize the incident; 6) A memorial meeting be held for the deceased on Beijing University campus; 7) The family of the deceased be given a large sum as indemnity; and 8) a just assessment be made of the current demonstration.

A Demonstration Under Extraordinary Circumstances Which Will Not Be Investigated, Nor Will Responsibility Be Affixed [subhead]

After a dialogue lasting half an hour, a Ministry of Public Security official made an announcement to all the demonstrators in front of the gate. He said that the first point was accepted. Regarding the second point, he said that it was beyond the Ministry of Public Security's powers to handle, but the demand in question would be relayed to the municipal court. On the third point, the Ministry of Public Security would send men to Beijing University to conduct an investigation and to strengthen work there. A prompt answer to the fourth point was difficult and they would have to wait for instructions from higher up. As to the fifth point, BEIJING RIBAO had already published an article on the case today. Regarding the sixth point, the memorial meeting should be decided upon by Beijing University authorities, but the municipal Public Security Bureau would send its leading members to attend the meeting. On the seventh point, indemnity will be given to the family of the deceased in accordance with regulations. As to the last point, the current demonstration should be viewed in the way of one dividing into two; the current demonstration was justified but was also illegal. According to the decree adopted by the Beijing Municipal People's Congress, people must submit a petition before a parade, demonstration, or mass gathering takes place. In his opinion, had the students submitted their petition formally it would have been sanctioned. He added that because of the extraordinary circumstances the demonstration had taken place late in the evening without affecting the public; therefore, the authorities would neither investigate nor affix responsibility. He advised the students to act according to the law; he asked, was it not true that people wanted to build a society ruled by law? Some students proposed abolishing the "10-point" regulations on demonstrations issued by the Beijing municipal government. The official said that the regulations in question were adopted by the Beijing Municipal People's Congress and that both adopting and abolishing regulations involved legal procedures.

Strong Demand for Assurance on Safety [subhead]

The students demanded strongly an assurance on safety. In fact, this demand is a long standing one. On 5 December 1987, assaults took place on the campuses of the University of International Business and Economics and the China People's University, leading to the death of one student and injury to another. Later, the murderer was executed and the other criminal received a sentence of 15 years imprisonment.

The students pointed out that this involved not only the campus administration but also the campus guards. There were some cases involving the campus guards and children of campus workers and staff. Beijing University has adopted a rather uncivilized and strange practice in the past. The campus guards would interfere with male and female students who happened to be dating, or

necking somewhere on the campus. The campus guards even arbitrarily burst into a female dormitory under the pretext of "checking the rooms." That may have been an isolated incident but it certainly left a very bad impression.

The students started from their own interests and the motive of their demonstration has won the sympathy and support of the public. Worth mentioning is the fact that Beijing's relevant departments have been enlightened in their attitude and handling of the incident, in an entirely different manner from some of their practices toward the end of 1986. We believe their assessment of the current demonstration as being "justified but also illegal" will be accepted by the public.

Container Station Planned in Inner Mongolia
HK0606140188 Beijing CEI Database in English
6 Jun 88

[China Economic Information (CEI) Database]

[Text] Hohhot (CEI)—An international container station will be set up and put into operation in Baotou, Inner Mongolia, in October.

The station will be founded jointly by the Baotou No. 2 chemical plant in Inner Mongolia, China Ocean Shipping Company, China International Trust and Investment Corporation, Tianjin Container Company and Hohhot Railway Bureau.

Upon its completion, it will be able to solve the loading and transport problems of exporting products in Baotou and western part of Inner Mongolia.

Northeast Region

Heilongjiang To Build Nuclear Heat Reactor
HK0706030288 Beijing ZHONGGUO XINWEN SHE
in Chinese 1137 GMT 2 Jun 88

[Text] Harbin, 2 Jun (ZHONGGUO XINWEN SHE)—The state is planning to build a low-temperature nuclear reactor supplying 2 times 200,000 kilowatts of heat in an effort to supply more energy to residents of the icy city to keep out the cold.

After completion, the nuclear heat supply project will be able to supply heat to 10 million square meters of floor space, one fourth of the total area which needs heat in the city.

The heat exchanger and in-core loop, key equipment for 5 million watt low-temperature nuclear heat reactor designed by Qinghua University and trial-manufactured by the Harbin Boiler Plant and the Harbin Steam Turbine Plant, has been approved and accepted in Harbin by representatives of the Nuclear Energy Research Office of Qinghua University and the State Nuclear Safety Administration.

A 5-million watt low temperature nuclear heat test reactor, a key scientific and technological project to be tackled by the state, will provide scientific basis for building a low-temperature nuclear heat reactor in Harbin.

Northwest Region

Gansu Opens Study Course for Departmental Cadres
HK0706011788 Lanzhou Gansu Provincial Service
in Mandarin 2300 GMT 6 Jun 88

[Excerpts] A study course for the principal leading cadres of the provincial departments, sponsored by the provincial party committee, opened in the provincial party school on 6 June. Eighty-five cadres will participate in the 20-day course. [passage omitted]

Lu Kejian, deputy secretary of the provincial party committee, spoke at the opening of the course. He said: This study course is a continuation and deepening of the province's discussion on the productive forces criterion issue. We must regard the productive forces criterion as the starting-point and the end result of all our work, and establish the core status of the productive forces.

He stressed that in discussing the productive forces criterion issue, we must get rid of old traditional socialist concepts and establish new socialist concepts with Chinese characteristics on the issues of ownership structure, distribution mechanism, choice of economic development path, and management setup. We must open up our thinking, put forward our own ideas, and air our views freely. We should encourage and advocate argument between different views. In the course of such arguments, we should distinguish still more clearly between right and wrong, eliminate ossified thinking, and promote the further great development of the productive forces in Gansu.

Commentary on Handling Cases of Guo and Lin
HK0506024688 Beijing ZHONGGUO XINWEN SHE
in Chinese 0700 GMT 27 May 88

[Commentary by ZHONGGUO XINWEN SHE reporter Tian Di (3944 0966): "See Incoordinate 'Dancing Steps' of Taipei Authorities From the Cases of Guo And Lin"]

[Text] Beijing, 27 May (ZHONGGUO XINWEN SHE)—On 17 May, the Taipei authorities passed sentences on two Taiwan businessmen who did business with the mainland on charges of "assisting bandits." This is the first case called "assisting bandits in carrying out a rebellion" that has been tried in Taiwan since martial law was lifted last year.

According to the verdict of the "Supreme Court" of Taiwan, the 58-year-old Guo Shukui, a former secondary school teacher, and the 49-year-old Lin Kuanmin, the responsible person of the Tongxiang Enterprise Joint Stock Company Ltd in Taipei City, went to the mainland in July 1986 to buy eel fry. Both men were therefore charged with "providing financial support to bandits" and were each sentenced to 5 years' imprisonment. The sentences of the two men were later each commuted to 3-years and 4-months. Except what was needed by their families for survival, all the property of the two defendants was confiscated. When commenting on the cases on the same day, a number of senior officials in charge of Taiwan's political and economic affairs issued a warning to all Taiwan entrepreneurs: In the future, anyone found doing business directly with the mainland will be punished immediately.

If we analyze the court verdict carefully, we will find that the so-called crime of "assisting bandits" is nothing more than the economic activity carried out by Guo and Lin in buying eel fry from the mainland. It is quite ridiculous to regard such an economic activity as the crime of "assisting bandits."

Such a court verdict is unaccountable in terms of reason, sentiments, and law. As far as reason is concerned, there is nothing wrong with buying things by paying money and selling things by accepting money. Such a business deal is a purely commercial activity which can only benefit both sides. How can such a commercial activity be regarded as "providing financial support to bandits" and "assisting bandits"? Is there a business deal in the world in which the buyer can get what he wants without paying money and the seller is willing to give out his commodity without demanding a payment from the buyer? How can people who buy things by paying money to the seller be regarded as "providing financial support" and "financial assistance" to the seller?

If buying fry from the mainland can be regarded as "assisting bandits," then how should we regard the Taiwan authorities' official announcement on importing dozens of types of agricultural and industrial raw materials, such as cotton, coal, and so on, from the mainland? How should we regard Taiwan's import of traditional

Chinese medicinal materials from the mainland? How should we regard the business deals between Taiwan and the mainland, whose annual volume has reached several billion U.S. dollars? The Taiwan authorities have decided to provide mainland economic and trade information to Taiwan entrepreneurs. Can we say that such a decision is aimed at making things more convenient for the Taiwan entrepreneurs to "assist bandits"?

It has been reported widely that the entrepot trade between Taiwan and the mainland has long been monopolized by the privileged KMT [Kuomintang] bureaucratic capital. It is very difficult for the small and medium-sized enterprises run by the ordinary Taiwan people to carry out entrepot trade with the mainland. Why haven't the Taiwan bureaucratic enterprises been tried in court? The senior officials in charge of the political and economic affairs in Taiwan know clearly who the main trade partners of the mainland are.

As far as sentiments are concerned, phrases like "traitors" and "bandits" are the phrases used by the KMT during the civil war and during martial law. Today, times have changed. The historical trend has changed. The people's concepts are also changing. However, the Taiwan authorities still use such hostile and stale phrases in referring to mainland entrepreneurs, companies, businessmen, compatriots, and all those under the rule of the CPC. How will the mainland compatriots feel about this?

Finally, as far as law is concerned, the "law" of Taiwan stipulates explicitly that there is only one China. The mainland is part of Chinese territory. All goods are allowed to circulate freely within Chinese territory. If the senior officials in charge of political and legal affairs in Taipei had still had such a national stance and legal concept, they would not have regarded the "free circulation of goods" within the Chinese territory as political heresy!

Since the court verdict is unaccountable in terms of reason, sentiments, and "law," it is quite understandable that the experts, scholars, and businessmen in Taiwan have broken their silence: Since direct trade with the mainland is regarded as "assisting bandits," is there any difference between direct trade with the mainland and entrepot trade with the mainland, which is encouraged by the authorities? Is there any difference between direct trade with the mainland and importing mainland raw materials? Is it true that all these types of trade will "provide" Taiwan's money and capital to the mainland? How can the Taiwan authorities embody its self-proclaimed principle of distinguishing politics from economic activities? It is an open secret that Taiwan needs some 40 tons of eel fry every year, 36-37 tons of which are imported from the mainland. The imports from the mainland have not caused any harm to Taiwan. On the contrary, such imports from the mainland have been beneficial to the economic development and stability of Taiwan. How can such trade activities be regarded as crimes?

It should be noted that the cases of Guo and Lin were tried at a time when the two shores of the Taiwan Strait are breaking the 40-year-old deadlock and are easing up the tension in their relations. At present, the Taiwan authorities are conducting a reexamination of its policies toward the mainland. And there is a "mainland craze" among the people in Taiwan. The Taiwan people have called for the strengthening of the cultural, economic, and trade exchanges between the two shores of the Taiwan Strait. That the cases of Guo and Lin were tried under such circumstances has naturally made the personages who are concerned about the development of the relations between the two shores of the Taiwan Strait in and outside Taiwan think deeply.

Not long ago, overseas news media reported that the Taipei authorities are just taking "small dancing steps" with regard to relations between the two shores of the Taiwan Strait. It seems that it is a pity that over the past few years, the "small dancing steps" taken by the Taipei authorities have been incoordinate with the peace process in the relations between the two shores of the Taiwan Strait and incoordinate with the wishes of the broad masses of the Taiwan people.

Economic Official Cited on Trade With Mainland
HK0606051483 Hong Kong ZHONGGUO TONGXUN SHE in Chinese 1405 GMT 2 June 88

[Report: "Taiwan Ministry of Economic Affairs Official on Trade Between the Two Sides"]

[Text] Hong Kong, 2 June (ZHONGGUO TONGXUN SHE)—At a forum held here today, Li Chang-yi, director of the Investment Business Department of Taiwan's Ministry of Economic Affairs said: Hong Kong business people who have business contacts with the mainland should not worry about being charged with "funding the bandits" so long as they are not involved in political affairs.

Li Chang-yi stressed: At present, the Taiwan Government allows Taiwan manufacturers and business people to engage in indirect trade with the mainland. He hoped that Hong Kong's business agents can assume the responsibility of a middle man and Hong Kong people will go to Taiwan to master technology before they offer after-sale services on the mainland so as to avoid direct contacts between people on both sides of the strait. He maintained: True, it is good for Taiwan technicians to go directly to the mainland to offer after-sale services if everything goes well, but trouble will arise with it if something goes wrong.

As for the report carried by Hong Kong newspapers that a Taiwanese printing equipment factory displayed its products at a mainland-sponsored exhibition and Taiwan business people, taking advantage of visits to relatives, appeared at the exhibition, Li Chang-yi said that this was "a mere coincidence." He pointed out: The contacts in areas, such as indirect trade and investment, between both sides of the strait have been numerous in the past few years. People

involved in such activities are not confined just to the few people who were punished for "funding the bandits" a few days ago. So long as they are engaged purely in business, the authorities will not stick any labels on them arbitrarily. Moreover, the current laws and regulations were formulated many years ago, when relations were different from what they are today and the government has suggested studying and revising relevant laws and regulations. Consequently, in light of the new situation, the government has formulated new measures so as to prevent manufacturers and business people from falling into the net of justice by mistake.

Li Chang-yi also indicated: Taiwan's entrepot trade via Hong Kong increased rapidly last year. The authorities imposed no restriction on where Taiwan products were re-exported. Taiwan products can be re-exported to where they are needed. This also benefits Taiwan. On the other hand, in the past few years, the Taiwan authorities have continued examining how to help manufacturers and business people enhance their competitiveness. Hence, the number of agricultural and industrial raw material products allowed to be imported to the island is on the increase. He said that the authorities hoped manufacturers and businessmen could maintain their competitiveness but did not want to see them unable to survive and develop because of the adverse effect of low-priced imported products. It is, therefore, not an easy job to maintain a proper balance between these two things.

As for Hong Kong's huge trade surplus with Taiwan, Li Chang-yi said that this problem was not difficult to solve, because Taiwan needed to import very large quantities of agricultural and industrial raw materials, such as coal and cotton every year. Once we open wider to mainland products, Hong Kong's trade figures will increase rapidly.

Today's forum was sponsored by the Hong Kong-Taiwan Trade Promotion Association. Li Chang-yi briefed the audience on Taiwan's economic and trade developments and future development plans. He encouraged the Hong Kong industrialists and businessmen to go to Taiwan and participate in its development.

Investment in Xiamen Increases Rapidly
HK0206051288 Beijing ZHONGGUO XINWEN SHE in Chinese 0814 GMT 30 May 88

[Report: "Taiwan Businessmen Increase Investment in Xiamen Rapidly"]

[Text] Xiamen, 30 May (ZHONGGUO XINWEN SHE)—Xiamen Special Economic Zone [SEZ], which is separated from Taiwan only by the Taiwan Strait, has become one of the areas where Taiwan businessmen rush to invest. From January to April this year 20 more Taiwan-funded enterprises were permitted to set up here.

A few days ago this reporter learned from the department concerned that the Taiwan-funded enterprises which have been given the go-ahead to set up in Xiamen so far this year have increased to 39, a number which surpasses that approved over the years past.

As indicated by data, most of the Taiwan-funded enterprises set up and operated here are productive enterprises of medium and small sizes, ranging from an electronic factory, chemical plant, and plastic factory to shoe and glasses factories, with average capital of about \$700,000. And they all adopt quite advanced technology. Some of the products produced by the Taiwan-funded enterprises fill the gaps in trade in the mainland. Therefore, the Fujian provincial government considers those enterprises advanced enterprises. What is more, the enterprises are swamped with orders. The average export rate provided for in the contract is in excess of 90 percent.

It is understood that to attract more Taiwan businessmen to invest in Xiamen, a special organization was established last year whose responsibility is to attract, examine and approve Taiwan-funded enterprises. The organization also gives priority or more freedom to Taiwan businessmen who come to invest in Xiamen in selection of trade and getting approval. For example, it took only a little more than 20 days for a Taiwanese businessman to sign a contract, import equipment, and place the enterprise in operation. In addition, to encourage Taiwan businessmen to invest in the Xiamen SEZ, Xiamen City authorities this year drew up special preferential policies which stipulate that those industrial or agricultural enterprises intending to operate for more than 10 years in Xiamen are exempt from the profit tax for a period of 4 years beginning with the year the enterprise gains profit and only pay half of the profit tax for 5 years thereafter. The investor is entitled to other preferential treatment, such as: He is not liable to land charges or other fees when the enterprise is under construction and has not been in business for 5 years; 30 percent of the products produced by the enterprise are allowed to be sold in Mainland China on condition that the products are made from imported material and components and are items Mainland China would otherwise import. On top of that, Xiamen City authorities offer to help Taiwan businessmen solve staffing problems by allowing them to appoint their relatives or friends as their representatives or agents.

Semigovernment Bodies To Conduct Mainland Surveys
HK0706031088 Beijing ZHONGGUO XINWEN SHE
in Chinese 0211 GMT 31 May 88

[Report: "The Taiwan Authorities Allow Semigovernmental Academic Organizations To Conduct Surveys on the Mainland"]

[Text] Beijing, 31 May (ZHONGGUO XINWEN SHE)—News from Taipei says that the Taiwan authorities, for the first time, have "tacitly allowed" personnel

in semigovernmental academic organizations to conduct surveys on the mainland. The Taiwan CHINA TIMES reported the news on 28 May.

This newspaper said that "as disclosed," the first group of people who have been approved will conduct surveys on the mainland in their own names. Their surveys will focus on the mainland's latest foreign trade policies and its policy of opening up to the world. Targets of survey include 1) investment environments in Hainan and Guangdong; 2) the development of the mainland's textile industry; and 3) the development of the mainland's computer industry.

The newspaper pointed out that people in the first group "reported" to the departments concerned prior to their departure. As to when they will leave for the mainland, the newspaper did not explain this in detail but only said they "are ready to leave."

The newspaper added that an authoritative Taiwan economic and foreign trade official had verified that the firsthand information about the mainland obtained by these people would be used as important reference by the Taiwan authorities in formulating new foreign trade policies toward the mainland.

The newspaper quoted the official as saying that there has been a great change in the mainland's economic and foreign trade policies in recent years, including running special economic zones in some coastal provinces and devoting major efforts to Hainan's development. This situation will produce both direct and indirect impacts on Taiwan's future economic activities. Therefore it is quite imperative for these people to conduct on the spot surveys on the mainland, so as to "know the opponent and themselves well."

Consultative Group To Study Legal Matters
HK0706032088 Hong Kong ZHONGGUO TONGXUN
SHE in Chinese 1259 GMT 1 Jun 88

[Report: "Taiwan Will Form a Consultative Group To Study Legal Matters Concerning the Two Sides"]

[Text] Hong Kong, 1 Jun (ZHONGGUO TONGXUN SHE)—To resolve legal problems concerning family visits between the two sides of the strait, the Taiwan Justice Ministry and the Research and Assessment Commission of the Executive Yuan plan to form a joint "study and consultative group on legal matters concerning the two sides," to study common civilian disputes between people on both sides of the strait and to act as a consultant in providing legal explanations.

MINSHENG PAO reported today that Lu You-wen, assistant minister of justice; and Wei Yong, director of the Research and Assessment Commission, reached agreement during a private meeting several days ago. They agreed on the following points: The two units will select members for the group and invite legal experts to join the group; the group will work for 1 or 2 years,

depending on actual requirements; and the group will concentrate its study on legal problems emerging among the people between the two sides.

A high-ranking official from the Justice Ministry pointed out yesterday that the idea of forming the "study and consultative group on legal matters concerning the two sides" was proposed by Justice Minister Shih Chi-yang to the research and assessment commission, which recently expressed its "agreement to cooperate" in forming the group.

Family Members Claim Lost Fishing Boat in Fujian
OW0606132888 Beijing in Mandarin to Taiwan
0400 GMT 4 Jun 88

[Text] On the morning of 2 June, the Lianjiang County Red Cross in Fujian Province turned over a newly repaired and painted fishing boat "Mincaiman" from Taiwan, which had been in distress, to a representative of Taiwan's Xinzhu Fishermen's Association and family members of the boat crew.

On 12 April, when Wei Yiqing and other fishermen from Lianjiang County's Huangqi in Fujian were operating in waters near Mazu and Dongyin, they discovered a Taiwan fishing boat damaged and half sunk. They also found no one on the boat but six crewman certificates. Those fishermen from Lianjiang County towed the damaged Taiwan fishing boat into port immediately and reported it to the Taiwan Affairs Office of the Lianjiang County People's Government. The county government assigned mechanics to repair the fishing boat and at the same time asked the Fujian Provincial People's Broadcasting Station to broadcast an announcement to Taiwan on the finding of the lost fishing boat.

After learning of the announcement, family members of the crew, through Taiwan's Xinzhu Fishermen's Association and with the help of the office of the International Red Cross' East Asia representative in Hong Kong, arrived in Lianjiang County by ship to claim the fishing boat on 31 May.

Jan-May Foreign Investment Exceeds \$341 Million
OW0706061188 Taipei CNA in English 0258 GMT
7 Jun 88

[Text] Taipei, June 7 (CNA) — Foreign and Overseas Chinese investments in the Republic of China on Taiwan during the January-May period of 1988 reached U.S. \$341.67 million with the approval of 191 projects, the Investment Commission of the Economics Ministry said Monday.

Overseas Chinese put in U.S. \$54.3 million while foreigners invested U.S. \$286.7 million in the three export processing zones and the Hsinchu Science Park, the commission said.

American Chinese ranked first among Overseas Chinese investors, followed by Chinese from Hong Kong; most foreign investors came from Japan and the United States.

However, Chinese investments from the Philippines grew 731.1 percent as compared with a year ago, the commission revealed.

Electronics and electric appliance manufacturing industries ranked first in the line of investments, followed by the service industry, and machine and instrument manufacturing, it added.

Premier Yu on Efforts To Reduce Trade Surplus
OW0406110088 Taipei CNA in English 0250 GMT
4 Jun 88

[Text] Taipei, June 4 (CNA) — Premier Yu Kuo-hua said Friday that the Republic of China's [ROC] trade surplus with the United States has been greatly reduced because of the persistent efforts of the ROC Government in recent years.

Premier Yu made his remark during talks with visiting U.S. Senator Peter Domenici, R.-New Mexico, and New Mexico Governor Garrey Carruthers in an exchange of opinions on matters of mutual concern.

Yu also clarified the American misunderstanding of the reasons the ROC has recently purchased gold from the United States.

Domenici and Carruthers, who arrived in Taipei Thursday for a 3-day visit, were accompanied by Vice Foreign Minister John H. Chang at the talks.

The American visitors later called on Taiwan Governor Chiu Chuang-huan at his Taipei office.

Economics Minister on Privatizing Enterprises
OW0606075888 Taipei Domestic Service in Mandarin
2300 GMT 4 Jun 88

[Text] Minister of Economic Affairs Li Ta-hai indicated that privatization of some state enterprises is an established policy of the government. In addition to China Steel Corporation and China Chemical Corporation, which have been approved by the Executive Yuan to be privatized through the issuance of stocks, Taiwan Machinery Manufacturing Corporation and China Shipbuilding Corporation will also be privatized in due time. As for Taiwan Salt Corporation and Taiwan Chemical Fertilizer Corporation, it is difficult to privatize them at the moment because there are still some problems due to legal restrictions and farm policy. As a matter of fact, some stocks of Taiwan Power Corporation and Taiwan Sugar Corporation are already in private hands.

Government Studies 1989 ADB Meeting Attendance
OW0406102388 Taipei CNA in English 0301 GMT
4 Jun 88

[Text] Taipei, June 4 (CNA) — Whether the Republic of China [ROC] would attend the annual meeting of the Asian Development Bank to be held in Peiping next year is still under study by the government authorities concerned, Vice Foreign Minister John H. Chang said Friday.

Answering question raised at a seminar in Taipei, Chang said no decision has yet been made on the issue.

Under the government current mainland policy, it would be difficult for the ROC to attend the ADB's next annual meeting in Peiping, Chang said. Any resolution of the problem will be subject to further study by the government agencies concerned, he added.

Touching on the "dual recognition" topic, Chang said it is impossible for the time being, but that if the international situation changes in the future, government agencies concerned may then study its feasibility.

Imports of Mainland Raw Materials Increase
OW0606082188 Taipei CNA in English 0254 GMT
6 Jun 88

[Text] Taipei, June 6 (CNA) — Raw material imports from mainland China through Hong Kong to the Taiwan area totaled 2.25 billion Hong Kong dollars in 1987, an increase of 300 percent over 1986, the Ministry of Economic Affairs [MOEA] of the Republic of China [ROC] said Sunday.

MOEA said that Taiwan imports from Hong Kong amounted to US \$560 million in the first four months of this year, up 200 percent over 1987.

An ad hoc committee of the Executive Yuan has recently approved 30 mainland products for import through Hong Kong. The government is also considering whether it should further relax restrictions on the import of mainland raw materials such as cotton and coal.

To cope with future increases in indirect imports of mainland raw materials, the government plans to establish a monitoring system and to insist on an indirect trade system to avoid falling into the united front trap of the Chinese Communists, MOEA stressed.

Two-way indirect trade between the Taiwan area and the China mainland through Hong Kong totaled US dlsr 490 million in the first quarter of 1988, an increase of 65 percent over a year earlier, according to statistics released by the Hong Kong Statistics Bureau.

The Hong Kong Government estimated that the figure would pass US dlsr 2 billion by the end of this year.

The statistics show that during the January-March period, Republic of China exports to the China mainland through Hong Kong amounted to US dlsr 380 million, 77.8 percent of the ROC's exports to Hong Kong. China mainland exports worth US dlsr 110 million came to the ROC, also through Hong Kong during the same period.

Two-way indirect trade between the two sides of the Taiwan Straits totaled US dlsr 1.51 billion in 1987. The ROC exported US dlsr 1.22 billion in mainly textile products and imported US dlsr 290 million of raw materials.

Mainland Boats' Intrusions for May Noted
OW0406000688 Taipei CNA in English 1512 GMT 3 Jun 88

[Text] Taipei, June 3 (CNA) — The Taiwan Garrison Command announced Friday that Communist Chinese boats had intruded into waters around Taiwan and Penghu Islands 433 times to engage in illegal activities between May 1st and May 31.

The nation's naval ships dispersed the communist boats by force 408 times, inspected boats 25 times, and detained 15 boats. A total of 246 persons on the communist boats were investigated, with all of them being sent back to the Chinese mainland, the general headquarters said.

The security authorities also confiscated 9,234 bottles of mainland wines, 3,021 packs of mainland cigarettes, 4,139 bottles of mainland medicine, and 106 porcelain vessels,

President Li Inspects Typhoon Damage in South
OW0406110288 Taipei CNA in English 0248 GMT 4 Jun 88

[Text] Pingtung, Southern Taiwan, June 4 (CNA) — President Li Teng-hui made an inspection tour of Pingtung County, southern Taiwan, Friday to show his concern to the farmers who had suffered heavy losses from Typhoon Susan.

President Li heard a report by Shih Meng-hsiung, Pingtung County magistrate, on property losses and damage caused by the typhoon, which pounded the county Thursday.

The President then instructed the county government to quickly request manpower help for harvest from military units so that rice farmers' losses can be minimized.

According to the county government statistics, damaged rice-paddy totaled over 50 hectares throughout Pingtung.

Accompanied by Shih, President Li arrived at the Hsin Yuan Township at 3:20 p.m., where the President inspected damaged sugar cane fields.

President Li then called on rice farmer Chang Chi and discussed with him this year's rice harvests and production.

The Republic of China's servicemen have traditionally been mobilized every year to help farmers bring in their rice harvests. This year, however, the Ministry of National Defense responded to suggestions by legislators by dropping the harvest time help from its regular exercise schedule.

President Li Teng-hui Visits Tainan Facilities
OW0606054588 Taipei International Service in English 0200 GMT 5 Jun 88

[Text] President Li Teng-hui on Saturday morning visited Tainan in southern Taiwan.

The president inspected the Tainan City Hospital, Cheng Kung University's Medical Center, and the university's Aviation Research Institute.

Tainan Mayor Li Wen-hsiung escorted the president, and both inspected the fifth phase of Tainan's urban redevelopment project.

Upon the president's visit to the Tainan City Hospital, a hospital official made a report to the president. Afterward, Li visited several patients concurrently being treated at the hospital.

Later in the morning, President Li visited National Cheng Kung University. Escorted by university president Hsia Han-min, Li visited the Aviation Research Center and the university's Medical Center, which will begin operation on 12 June.

President Li showed special interests in the Aviation Research Center and asked the students and professors at the center many questions.

Paraguayan Official Visits National Assembly
OW0706055588 Taipei CNA in English 0132 GMT
7 Jun 88

[Text] Taipei, June 7 (CNA) — Luis Martinez Miltos, president of the Chamber of Deputies of the Republic of Paraguay, and his wife called at the National Assembly Monday and received a warm welcome from Irwine W. Ho, secretary-general of the assembly.

During the meeting, they exchanged views on ways to promote cooperative relations between the two countries.

Ho said relations between the two nations have been cordial. The frequent exchange of government official visits between the two nations has enhanced the mutual understanding of the two countries, and cooperative relations in economics, politics and culture have also promoted friendships between the peoples of the two countries. These deep friendships, he said, guarantee a bright future for the freedom, democracy and prosperity of the two nations.

Hong Kong

Plague Fear Closes Green Island Refugee Center
OW0706053588 Beijing XINHUA in English
0028 GMT 7 Jun 88

[Text] Hong Kong, June 7 (XINHUA) — The Hong Kong Government has decided to suspend all movements of Vietnamese boat people to and from the Green Island following the discovery of a suspected plague case involving a four-year-old Vietnamese girl.

The Green Island is designated as a major closed reception center for Vietnamese refugees in Hong Kong.

"Although two series of tests carried out on the girl today have shown negative results, no more Vietnamese boat people will be taken to or from Green Island until the final diagnosis is available on Thursday," a government spokesman said Monday.

The young patient is now under observation and treatment in hospital.

In the meantime, anti-plague and surveillance measures which are already imposed will be intensified.

Government Hopes To Change SRV Boat People Policy
HK0406025988 Hong Kong SOUTH CHINA
MORNING POST in English 4 Jun 88 pp 1, 5

[By Simon Macklin and Agnes Lam]

[Text] The Government is believed to have decided to seek authority for a change of policy on granting automatic refuge to Vietnamese boat people.

It is understood the Government has asked British Foreign Secretary Sir Geoffrey Howe to seek approval from Prime Minister, Mrs Margaret Thatcher, for Hong Kong to screen new arrivals in future.

Sir Geoffrey left Hong Kong on Wednesday after a three-day visit in which he familiarised himself with the territory's escalating refugee problem.

What is likely to emerge is a compromise solution which will retain Hong Kong's status as a country of first asylum, but allow the introduction of a screening process to differentiate between economic migrants and those genuinely fleeing from persecution.

A batch of 364 Vietnamese boat people arrived yesterday, bringing the total population in Hong Kong camps to 14,063—the highest since the closed camp policy was introduced in 1982.

Although Hong Kong's facilities are stretched to the limit and the camps are understaffed, there appears to be no end to the flood of arrivals.

Already Marine Police have warned that two more boats have been sighted heading for Hong Kong via Macao and many more are expected to take advantage of the good weather to make the trip from Vietnam.

Under the proposed policy, those deemed to be economic migrants would only be allowed to stay in Hong Kong as illegal immigrants until they could be repatriated to Vietnam.

The British Ambassador to Hanoi, Mr Emrys Davies, is expected to brief Whitehall on the progress of diplomatic initiatives with Vietnam for the repatriation of boat people.

Mr Davies, who will be in Hong Kong between June 16 and 19 after visiting Britain, is due to meet senior Government officials and legislative councillors.

If the British Government approves the change in policy, the Hong Kong Government will wait for support from members of the Association of Southeast Asian Nations before implementing any changes.

An ASEAN conference in Bangkok next month will discuss the regional refugee problem and consider adopting a screening process.

The Hong Kong Government is concerned that it will be left as the only territory in the region maintaining a full first asylum policy.

Legislative councillors yesterday endorsed a report submitted by Mr Yeung Pokwan and Mr Jackie Chan Chai-keung after their trip to a refugee conference in Thailand.

The two councillors said Hong Kong should liaise closely with ASEAN to find a common solution to the problem. They agreed all affected countries should exert pressure on Hanoi for a long-term answer.

Senior Executive Councillor, Sir Sze-yuen Chung, said yesterday Sir Geoffrey had promised an early response to Hong Kong's plea for a change in its refugee policy.

Sir Sze-yuen said the British Foreign Secretary had recognised the urgency of the problem and the frustration felt by the people of the territory.

Most people in Hong Kong believed the Vietnamese boat people should be treated as illegal immigrants, he said.

He said Sir Geoffrey had recognised the Government was applying double standards in repatriating illegal immigrants from China while allowing the Vietnamese boat people to stay in Hong Kong.

Government agencies dealing with the refugees said yesterday they were finding it increasingly difficult to keep pace with the growing numbers.

The Principal Assistant Secretary for Security with special responsibility for refugees, Mr Nigel French, said the situation was being treated as an emergency.

An emergency temporary centre in Shamshuipo, which opened on Monday, had already exceeded capacity and Mr French said the Government was urgently seeking further sites.

The Assistant Commissioner for the Correctional Services Department, Mr Ish Bhagat, said all Hong Kong's centres were overflowing and more than 250 extra staff were needed.

The Chief Staff Officer for the Civil Aid Services, Mr John Fortune, said the situation in the two camps managed by volunteers from the services had become desperate.

The volunteers were being pushed very hard to cope with the pace of the arrivals, he said.

PRC, Taiwan Prelates To Meet at Local Conference
HK0706030188 Hong Kong HONGKONG STANDARD in English 7 Jun 88 p 1

[By Chan Wai-fong]

[Text] The top Catholic prelates of Shanghai, Taiwan and Hong Kong will meet here this week.

The unprecedented meeting is expected to fuel further speculation about an impending renewal of ties between the mainland church and the Vatican.

It will also underline the Hong Kong diocese's role as a bridge between the Vatican, Taiwan and the mainland.

The encounter between Archbishop Lo Kuang of Taiwan, Bishop Jin Luxian of Shanghai and Hong Kong's newly appointed Cardinal John Baptist Wu Cheng-chung will take place at an international conference on Confucianism and Christianity at the Chinese University on Thursday.

It was not clear yesterday whether the prelates would meet outside the conference, but church sources said it was unlikely that Archbishop Lo and Bishop Jin would do so.

Archbishop Lo, who arrived yesterday is due to leave the territory on Friday, the day after the conference convenes, thus making any special meetings with the mainland prelate highly unlikely, the sources said.

The newly elevated Cardinal Wu, however, is expected to meet both leaders.

Bishop Jin said in a telephone interview with the STANDARD yesterday that he was looking forward to meeting Cardinal Wu.

The director of the Hong Kong Catholic Social Communications Office, Father Louis Ha, said yesterday that no arrangements had been made for either prelate to meet the cardinal.

But he said arrangements could be made "if the bishop and archbishop ask to see the cardinal".

Bishop Jin is the first Shanghai bishop under the China Patriotic Catholic Association (CPCA), which does not recognise the Vatican, to visit Hong Kong. Appointed as bishop by the CPCA in February, he is one of the three church leaders in the standing committee of the Chinese People's Political Consultative Conference (CPPCC).

Archbishop Lo is president of Taiwan's Fu Jen Catholic University and retired archbishop of Taipei.

Beijing's relationship with the Vatican has been a hot issue since late last year when news of a possible Papal visit to the mainland—which has no official links with the Vatican—was reported.

In spite of repeated denials by both the Vatican and the mainland, church sources say both have been making efforts to improve their relationships.

The Chinese Government insists on the Vatican breaking off diplomatic ties with Taiwan before any Papal visit can be discussed.

But it has released at least three Catholic priests and bishops, which has been interpreted as a goodwill gesture towards the Vatican.

The international conference will last for seven days with more than 50 church people and academics from Hong Kong, the mainland, Taiwan, the U.S., South Korea, Singapore and Europe attending.

Bishop Jin is the highest ranking member of the 10-strong Beijing delegation. Archbishop Lo will be accompanied by Father Mark Fang Chih-jung of the Fu Jen Catholic University's Faculty of Theology.

PRC's Lu Ping Answers Questions on Future
HK0406035388 Hong Kong HONGKONG STANDARD in English 4 Jun 88 p 2

[By Yau Shing-mu; passages in boldface as published]

[Text] Mr Lu Ping talked to THE STANDARD about various other matters and attempted to answer some questions raised by the people of Hong Kong.

Review of the consultation exercise:

"It's still all right. But not enough people are involved yet."

Mr Lu hoped his team's visit would prompt more people into taking part in the discussions.

Mr Lu has seen the video produced by the Basic Law Consultative Committee and says the message it is trying to put across is not good enough.

The draft is not easy for laymen to understand. "Perhaps, only newsmen like you who have been reporting the drafting exercise closely can follow it," Mr Lu said.

Assessment of opinions gathered:

Mr Lu conceded that quality and quantity should carry equal weight but said the Drafting Committee had not figured out a method for assessing them.

He said the views gathered would be classified and referred to five drafting subgroups for consideration.

"It's still early to say, because we haven't heard any views at present. So it's hard to decide how to assess them," he said.

Mr Lu said the Secretariat's responsibility was to collect the views and report them faithfully to the entire Drafting Committee. "It's the job of the Drafting Committee and its sub-groups to do the assessment," he said.

He declined to answer whether the Secretariat could recommend guidelines to the chairman of the Drafting Committee or the subgroups.

On the possibility of a stalemate in reaching an acceptable political formula:

Mr Lu worried that the present lukewarm reaction to the available options for the structure of the future government might last until the end of the consultation. This could result in a failure to reach a compromise and an acceptable solution.

If that happened, Beijing might be forced to make a decision. "It will be better if you, the people of Hong Kong, can come up with your own formula, acceptable to the majority.

Definition of Hong Kong residents:

Mr Lu acknowledged some problems in defining permanent residents of Hong Kong.

Children born outside Hong Kong—meaning China and Taiwan—to Hong Kong Chinese permanent residents would be permanent residents and enjoy the right of abode here. But spouses of local permanent residents would not.

Mr Lu said when the two governments were formulating the joint pact, they agreed that children could not live independently and would be allowed to live with either parent.

But spouses living elsewhere, particularly on the mainland, should not become Hong Kong residents, because they would cause a massive influx of immigrants to Hong Kong.

Asked how expatriates could qualify as permanent residents, Mr Lu said the matter should be left to the future SAR [Special Administrative Region] government.

Establishment of the final court of appeal:

Mr Lu said this would not be a difficult matter and would cause few problems.

But he did say its creation should conform with provisions set by the Basic Law, and was being dealt with by the Sino-British Joint Liaison Group.

On remarks made by the British Foreign Secretary, Sir Geoffrey Howe:

"I read them in press reports. Since they were press reports, I don't know how accurate they are. It would not be proper for me to comment on his remarks on the Basic Law draft."

On Dual Citizenship

HK0406034588 Hong Kong HONGKONG STANDARD in English 4 Jun 88 p 1

[By Yau Shing-mu of the China Desk, who traveled by train from Guangzhou to Hong Kong with Lu Ping, PRC deputy director of the State Council Hong Kong and Macao Affairs Office on 3 June]

[Text] China is giving serious and careful consideration to allowing Hong Kong Chinese who hold foreign passports to be Chinese nationals also, a senior Chinese official told THE STANDARD yesterday.

Mr Lu Ping, deputy director of the State Council's Hong Kong and Macao Affairs Office and deputy secretary-general of the Basic Law Drafting Committee, favours a wider interpretation of the Chinese nationality law for Hong Kong's unique situation.

The present nationality law rules out dual nationality and stipulates that any Chinese who has acquired another nationality automatically ceases to be Chinese.

But Chinese officials are aware that rigid adherence to this rule in Hong Kong's case could speed up the brain drain.

No decision has been made, but one solution could be "to work flexibly round" the constraints imposed by the Chinese nationality law, Mr Lu said.

This would involve making a declaration similar to the one provided in the Chinese memorandum of the Sino-British agreement on the future of Hong Kong.

Such a declaration would allow Hong Kong Chinese holding foreign passports to be regarded as Chinese nationals. A similar exemption was made in the Sino-British agreement for Chinese holding either the British Dependent Territory Citizen or the British Nationals (Overseas) passports.

Speaking exclusively to THE STANDARD on board a through train from Guangzhou to Hong Kong, Mr Lu said the Chinese authorities were treating the "thorny and complicated issue" with great caution.

Mr Lu heads a delegation of Basic Law Drafting Committee members who are here to gather public opinion on the first draft of the Basic Law.

Mr Lu said any unilateral declaration by China might be opposed by countries like the United States, and especially Southeast Asian countries, which do not recognise dual nationality.

"It's thorny and complicated," said Mr Lu, adding that it also touched on the interests of two separate groups of Hong Kong people—those who want to stay beyond 1997 and those who want to emigrate.

Chinese nationality is a prerequisite for anyone wishing to occupy a seat in the SAR [Special Administrative Region] government from 1997.

Mr Lu said he understood that depriving foreign passport holders of their political rights would not help the brain drain problem.

Those who elected to stay might then have reasons for protesting about the creation of a privileged class who will be allowed to enjoy equal political rights without making the same commitment to the territory.

Mr Lu acknowledged that the issue could cause a political explosion if not handled properly.

"The Basic Law by itself cannot solve the problem and it won't be dealt with in the Basic Law. Whatever happens we will have to resolve it. Perhaps, the National People's Congress may do something about it."

Legislative Council To Debate Draft Law
HK0406030588 Hong Kong SOUTH CHINA MORNING POST in English 4 Jun 88 p 2

[By Agnes Lam and Stanley Leung]

[Text] The Senior Member of the Legislative Council, Miss Lydia Dunn, will move a motion on the Basic Law draft on July 13 and 14.

The announcement coincided with the arrival of a delegation of Chinese Basic Law drafters yesterday to gauge the views of Hong Kong people on the draft mini-constitution.

Councillors yesterday gave unanimous support for the motion which reads: "This council takes note of the draft Basic Law of the Hong Kong Special Administrative Region of the People's Republic of China for solicitation of opinions and urges the people of Hong Kong to study the draft and express views on it."

A Legislative Council member, Dr Ho Kam-fai, said the councillors hoped the public would express their views on the draft during the consultation period. It was not yet known how many councillors would speak during the debate.

Although China has said it welcomed views from Britain submitted through diplomatic channels, it does not want any formal debates on the Basic Law to be held by the legislatures in Hong Kong and the United Kingdom.

The Basic Law Consultative Committee, which is solely responsible for gathering public views in Hong Kong, has also stressed that it would not receive any official views from any government bodies—including the Legislative Council, the district boards, and the Urban and Regional Councils.

Chinese officials will instead hear views of the Legislative Council members in their private capacity in a series of meetings next week.

But British Foreign Secretary, Sir Geoffrey Howe, has promised during his recent visit here that the councillors' views on the draft will be relayed to the Chinese government through diplomatic channels.

The House of Lords and the House of Commons have also decided to hold debates on the document with the Lords' debate set for Friday.

Meanwhile, the arrival of the group of mainland drafters yesterday led by senior Chinese official, Mr Lu Ping, is expected to heat up local discussions on the draft Basic Law.

Mr Lu, a vice-director of the State Council's Hong Kong and Macao Affairs Office and a deputy secretary-general of the Basic Law Drafting Committee, will join two other senior Chinese officials, Mr Ji Pengji and Mr Li Hou, already here for the same purpose.

The 10-member delegation includes Chinese legal experts and mainland co-conveners of the four major drafting sub-groups dealing with Beijing-Hong Kong relations, the political system and the economy as well as residents' rights and duties.

Public response to the document has been lukewarm, as many consider the document too boring and difficult to comprehend.

Asked if he had brought along any "medicines" to stimulate the public's interest in the draft, Mr Lu said the purpose of his visit was to gather as many views as possible from the public.

Chairman of the 180-strong Basic Law Consultative Committee [BLCC], Mr Ann Tse-kai, who received the delegation at Kowloon station, denied that the public was apathetic because more than a million copies of the draft had been distributed.

Mr Lu, however, admitted that local discussions on the Basic Law were limited to a small circle, although many difference views had been published in local newspapers.

The mainland drafters will discuss the draft with 19 executive members and advisers of the BLCC this morning.

Mr Lu said the question of inhabitants' nationality would also be examined by the delegation in the next three weeks. The sensitive issue is expected to arouse some controversy.

A BLCC special group on "inhabitants' rights and duties" will seek clarification on Chinese nationality from the drafters next week.

Mr Lu told a group of BLCC members in Beijing two weeks ago that the question on whether foreign passport holders could become Chinese nationals called for further examination.

The delegation is scheduled to meet Legislative Council [Legco] members on June 8 and 9 to gather their views. But Executive Council members who are not Legco members, including Sir Sze-yuen Chung and Mr K W Lee, will be excluded.

Mr Lu said there were other channels to gather their views but did not elaborate.

Securities Industry Adjusts Objective
OW0306184088 Beijing XINHUA in English 0533 GMT
3 Jun 88

[Text] Hong Kong, June 3 (XINHUA) — Hong Kong's securities industry aims to build Hong Kong into an outstanding capital market of Southeast Asia by strengthening its systems and regulatory arrangements.

The objective was stated by the Securities Review Committee in a lengthy report on "the operation and regulation of the Hong Kong securities industry" published here yesterday.

The committee, appointed after the October crash last year to review the operation of the Hong Kong stock and futures exchanges and their regulatory bodies, will soon be discharged.

The committee urged Hong Kong to capitalize on the international interest in its markets and to strengthen its systems and controls to minimize the risks involved and prevent a recurrence of the October crash.

At a press conference here yesterday, committee chairman Davison explained major reforms stated in the report which include: systematic stability, orderly and smooth functioning markets and fair markets and, with all these, adequate protection for investors.

The report suggests "a two tier system of supervision with the exchange regulating their own affairs under the watchful eye of a single statutory body."

But Davison said that under the new system, the securities industry will enjoy a higher degree of autonomy and be able to operate more independently.

And the statutory supervisor, it says, "should be detached from the government so that if the supervisor fails then and only then should government step in."

The report recommends that the stock exchange be governed by a council responsible for general policy and strategy, while a professional staff has complete control of day-to-day affairs.

It also recommends that the Hang Seng Index should not be dropped on regulatory grounds provided that sufficient safeguards and risk management controls are in place.

The Financial Secretary, Piers Jacobs, said in his statement issued after the publication of the report, that the government welcomed the report and would proceed quickly with the examination of the committee's recommendations.

In his statement, he said the report will serve as a valuable and essential blueprint for future development.

Exports to U.S. Slow Down, Increase to W. Europe
HK0606040988 Hong Kong SOUTH CHINA MORNING
POST (BUSINESS POST) in English 6 Jun 88 p 3

[By Michael Marray]

[Text] Slower growth in exports to the United States and a booming demand in other markets is continuing to reduce Hong Kong's dependence on sales to the U.S.

Trade Development Council statistics for the first quarter of this year show that 32.6 percent of the territory's domestic exports were bound for America—down from 37.3 percent for the whole of last year.

This was a drop from the 41.7 percent share accounted for by the U.S. in 1986.

The change comes on the back of the plummeting U.S. dollar, which has made Hong Kong goods more competitive in European Community countries and Japan.

Domestic exports to the U.S. grew by only three percent during the first quarter, compared to the January to March period last year—and was valued at \$14.4 billion.

But growth rates for domestic exports to West Germany and the UK were 20 percent and 23 percent respectively.

The growth rate in domestic exports to Japan stood at 21 percent, with goods worth \$2.2 billion bound for the Japanese market.

The Secretary for Trade and Industry, Hamish MacLeod, said recently the trend in Hong Kong-U.S. trade was an encouraging one.

Increased imports and a slowdown in growth of exports were reducing the bilateral deficit, he said, which should help diffuse U.S. protectionist sentiment toward Hong Kong.

The value of goods imported from the U.S. during the first quarter stood at \$8.3 billion. This was an increase of 20 percent over the first quarter of 1987.

Macao

Ferry Service to Taiwan Planned

HK0106085988 Hong Kong SOUTH CHINA MORNING POST (BUSINESS POST) in English 1 Jun 88 p 1

[By Monica Ko]

[Excerpt] Casino tycoon Stanley Ho plans to launch a ferry service linking Macao and Kaohsiung, Taiwan.

Mr Ho said the plan was motivated by the increasing number of Taiwanese hoping to visit neighbouring countries, including mainland China.

Following yesterday's Shun Tak Enterprises shareholders meeting, Mr Ho said approval for the proposed ferry service had been obtained from the governments of Macao and Taiwan.

He added that he expected the service to be in operation within the next two months.

It is believed that Shun Tak would team up with C.S.H-wang's Chyau Fwu group, one of the biggest property developers in Taiwan and Hong Kong, to develop the project.

Their co-operation should come as no surprise to investors, as last year the two, together with new World Development chief Cheng Yu-tung, bought the Hyatt regency in Macao for U.S.\$25 million.

Mr Ho said the Macao Government had agreed to provide special arrangements to accommodate Taiwanese tourists who wished to visit the mainland.

he added that the company was discussing the purchase of two or three vessels for the ferry service, which would charge several hundred Hong Kong dollars for a single trip.

In regard to Shun Tak's main business, Mr Ho said the company was negotiating the purchase of two used Boeing jetfoils from Indonesia to cope with the increasing passenger traffic between Hong Kong and Macao.

He said passenger traffic had increased by 12 percent during the first five months of this year compared with the same period last year.

The jetfoils were expected to cost about U.S.\$8 million each, about half the price of buying them from Japan. [passage omitted]

Impact on Hong Kong Tourism

HK0306085788 Hong Kong SOUTH CHINA MORNING POST in English 3 Jun 88 p 6

[By Tad Stoner]

[Text] The Shun Tak Shipping Company says the Taiwan-Macao ferry service it plans to start this summer will woo Taiwanese from Hong Kong in favour of Macao as a transit point to China.

But the company's claim that the new service would damage Hong Kong's tourist industry has been rejected by the Hong Kong Tourist Association, which said Hong Kong would remain a popular destination for Taiwanese.

Shun Tak's engineering manager, Mr K. Moosa, believes Taiwanese would rather go to China via Macao as it was much easier for them to get a visa to the Portuguese territory.

It was also easier for Taiwanese to get a visa to travel to China in Macao, he said.

Taiwan approved visits to relatives in the mainland only late last year, and estimates are that 100,000 people will take advantage of the opportunity this year.

Since Taiwanese can only visit the mainland via a third country, Hong Kong has emerged as the most popular transit point.

At present, territory visas for Taiwanese take three to four weeks to issue.

A double-entry permit, which allows one entry from Taiwan and a second entry from elsewhere, costs \$230.

Macao, however, issues entry visas upon arrival, and asks only \$50.

Mr Moosa said: "It's simply much easier for Taiwan people to get into Macao."

He said Taiwanese preferred to shop in Hong Kong but were less keen about the territory as a place to enter China.

The company's new ferry service would probably make Macao a more popular transit point and damage Hong Kong's tourist industry, he said.

The Hong Kong Tourist Association, however, said arrivals from Taiwan would be unaffected by the new service.

In the first quarter of 1988, 159,000 Taiwan residents arrived in Hong Kong, an 89.6 percent increase from the first quarter of 1987.

Mr Moosa said the Macao service would begin in two or three months and operate between Taiwan's southwestern port city of Kaohsiung and Macao every 36 hours.

The 22-hour trip would attract 500 passengers initially, each paying "a couple of hundred dollars" for a one-way journey, he said.

Mr Moosa said the company would commission boats once used between Hong Kong and Shantou, which were now idle as that route was no longer profitable.

The British-built vessels are 110 metres long and seven metres wide. The ships will be refitted with cabins for one, two and four passengers.

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